

## AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type: <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name: Charter Township of Plymouth	County Wayne
Audit Date December 31, 2003	Opinion Date May 28, 2004	Date Accountant Report Submitted To State: June 30, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:


1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations.

You must check the applicable box for each item below:

- |   |   |
|---|---|
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.   |
| <input checked="" type="checkbox"/> yes <input type="checkbox"/> no | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).  |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).  |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91] or P.A. 55 of 1982, as amended [MCL 38.1132])   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).  |

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reports on individual federal assistance programs (program audits).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Single Audit Reports (ASLGU).	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Certified Public Accountant (Firm Name): <b>PLANTE &amp; MORAN, PLLC</b>			
Street Address 27400 Northwestern Hwy.	City Southfield	State MI	ZIP 48034
Accountant Signature 			

# **Charter Township of Plymouth Wayne County, Michigan**

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## **Comprehensive Annual Financial Report for the Fiscal Year Ended December 31, 2003**

Prepared by the Charter Township of Plymouth

# Charter Township of Plymouth

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# Charter Township of Plymouth

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June 30, 2004

To the Board of Trustees  
Charter Township of Plymouth  
Wayne County, Michigan

The Comprehensive Annual Financial Report of the Charter Township of Plymouth for the fiscal year ended December 31, 2003 is hereby submitted.

Responsibility for the accuracy, completeness, and fairness of the financial data herein, including all disclosures, rests with the Charter Township of Plymouth.

All funds and component units of the Township are included in this report. These funds include the General, Special Revenue, Enterprise, and Fiduciary Funds; and under component units, it includes the Brownfield Redevelopment Authority, Economic Development Authority, and Downtown Development Authority.

For the December 31, 2003 financial statements, the Township implemented a dramatic change in governmental financial reporting. The new format provides for governmental-wide and major fund presentations that expand the presentations to review/examine the Township and its major activities. We believe this new presentation will provide better information to the users of the Comprehensive Annual Financial Report.

## **Report Format**

The Comprehensive Annual Financial Report is presented in three sections: introductory, financial, and statistical.

The introductory section includes the table of contents, this transmittal letter, an organizational chart of Plymouth Township, a list of the Township's principal officials, and a fund organization chart.

The financial section includes the auditor's opinion from the accounting firm of Plante & Moran, PLLC, which performed an independent audit of the Charter Township of Plymouth. It also includes management's discussion and analysis, basic financial statements, the notes to the financial statements, and additional information regarding the funds of the Township.

The statistical section includes selected financial and general information presented on a multiyear comparative basis.

## **The Charter Township of Plymouth**

The Charter Township of Plymouth, located in western Wayne County in southeastern Michigan along the high technology corridor of I-275 and M-14, finds itself strategically situated approximately halfway between downtown Detroit and Ann Arbor. Plymouth Township prides itself with having one of the lowest overall tax rates in southeastern Michigan while providing necessary quality of life services, which citizens and businesses desire and demand.

Enhancing Plymouth Township's position close to the technology and research centers in Ann Arbor, is recent census data provided by the United States Census Bureau designating Plymouth Township as having the highest income neighborhoods in all of Wayne County, Michigan. This, along with the educational level of community residents, provides a stabilizing influence, helping to define quality of life.

Most communities have experienced tough economic times since September 11, 2001. Plymouth Township has continued to provide services to the community without any reductions, while increasing services and recreational opportunities, all without an increase in taxes or fees.

## **Budgeting and Accounting Systems**

The Charter Township of Plymouth Board of Trustees adopts an annual budget in accordance with the State of Michigan Uniform Budgeting Act, P.A. 621 of 1978. The Township's fiscal year is January through December. The annual budget is adopted each October for the subsequent year. The Township Board of Trustees adopts appropriations on an activity basis. Michigan law requires expenditures to be within budget at this level. Unexpended appropriations lapse at year end. The Township Board of Trustees must approve all budget amendments made throughout the year.

In maintaining and improving the Township's accounting and financial reporting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable assurance regarding: (1) the safeguarding of assets against loss from unauthorized use of disposition and (2) reliability of financial records for preparing financial statements and maintaining accountability of Township assets. The concept of reasonable assurance recognizes that (1) the cost of the control should not exceed the benefits likely to be derived and (2) the valuation of the costs and benefits requires estimates and judgments by management. Internal accounting controls will not provide absolute assurance.

## **General Fund**

The General Fund accounts for all the ordinary activities of the Township that are not accounted for in another fund. Revenues for the General Fund come from state-shared revenue, general property taxes, fees, and other sources.

### **Special Revenue Funds**

Special Revenue Funds account for the proceeds of specific revenue sources that are restricted to expenditures for specific purposes. The Charter Township of Plymouth has two Special Revenue Funds that are accounted for separately. The two funds are the 911 Communications Fund and the Improvement Revolving Fund. Explanations of the two funds are as follows:

#### **911 Communications Funds**

This fund accounts for 911 revenues and expenditures relating to a utility surcharge that is imposed on telephone customers. Funds are collected by the Conference of Western Wayne, of which the Charter Township of Plymouth is a member, and are disbursed to the Township on a monthly basis. Expenditures of these funds are restricted to qualifying expenses as defined by the State of Michigan.

#### **Improvement Revolving Fund**

This fund accounts for revenues and expenditures for certain capital improvements and special assessments (road pavings and sidewalk repairs) requiring separate accounting and financing.

### **Enterprise Funds**

#### **Water and Sewer Fund**

This fund accounts for the operations for providing water and sewer service to the citizens and businesses of the Township. The fund's primary revenues are generated through user charges from those requesting water and sewer services. The Water and Sewer Fund employs 11 full-time employees and one part-time employee.

#### **Solid Waste Disposal Fund**

This fund accounts for the operations providing solid waste services (trash pickup and household hazardous waste disposal) to the citizens of the Township. The fund's primary revenues are generated through user charges from those requesting solid waste services.

#### **Fiduciary Funds**

Agency Funds account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The Charter Township of Plymouth has two of these types of funds: the Agency Fund and the Tax Collection Fund.

To the Board of Trustees  
Charter Township of Plymouth  
Wayne County, Michigan

June 30, 2004

## **Components Units**

Included in the financial statements of the Charter Township of Plymouth are three discretely presented component units: the Brownfield Redevelopment Authority (BRDA), the Economic Development Corporation (EDC), and the Downtown Development Authority (DDA). The EDC assists businesses with the financing of industrial construction projects. The DDA captures tax revenues that are used to fund improvements to the downtown area along Ann Arbor Road.

## **Cash Management**

The Township's investment policy includes the legal requirements for municipalities covered under Michigan Public Act No. 20 of 1943, as amended in December 1997. We maximize the use of funds and ultimately try to increase the return on our dollars while minimizing risk. Investments are placed with institutions that are deemed to provide minimal risk to Township assets. Our investment portfolio currently consists of authorized pooled funds and money market funds, in compliance with the Township's investment policy and Public Act 20, as amended.

## **Risk Management**

The Charter Township of Plymouth is a member of the Michigan Municipal Risk Management Authority (MMRMA). The MMRMA is a self-insured association with a membership of approximately 315 State of Michigan local governmental units. It provides risk management, claims administration, legal defense, and reinsurance services for its members. As a member of MMRMA, the Township has liability coverage of up to \$15,000,000 per occurrence. Our self-insured retention for liability is \$75,000 per occurrence. We are actively involved in risk control through supervisory and employee training, facilities inspections, and utilization of the MMRMA Risk Control Staff.

## **Independent Audit**

As required by State of Michigan law, an annual audit of the Township's accounts and financial statements has been completed by the Township's independent certified public accountants, Plante & Moran, PLLC. They have given the Township an "unqualified opinion," which is the very best opinion an organization can receive on its financial statements. Their report is included in this report.



To the Board of Trustees  
Charter Township of Plymouth  
Wayne County, Michigan

June 30, 2004

### **Acknowledgments**

The preparation of the Comprehensive Annual Financial Report was made possible by the dedicated service of deputy treasurer Amy Hammye. Appreciation is also expressed to supervisor Steve Mann, clerk Marilyn Massengill, Department of Public Services director Jim Anulewicz, public works manager Tony Hollis, assistant fire chief Mark Wendel, human resource director Joann Coobatis, and accountant Ron Berry for their contributions and assistance during the preparation of this report. They have our sincere appreciation for assisting in this effort.

Sincerely,

A handwritten signature in black ink, appearing to read "Ron Edwards". The signature is fluid and cursive, with the first name "Ron" and last name "Edwards" clearly distinguishable.

Ron Edwards  
Treasurer

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## Charter Township of Plymouth, Michigan

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2002

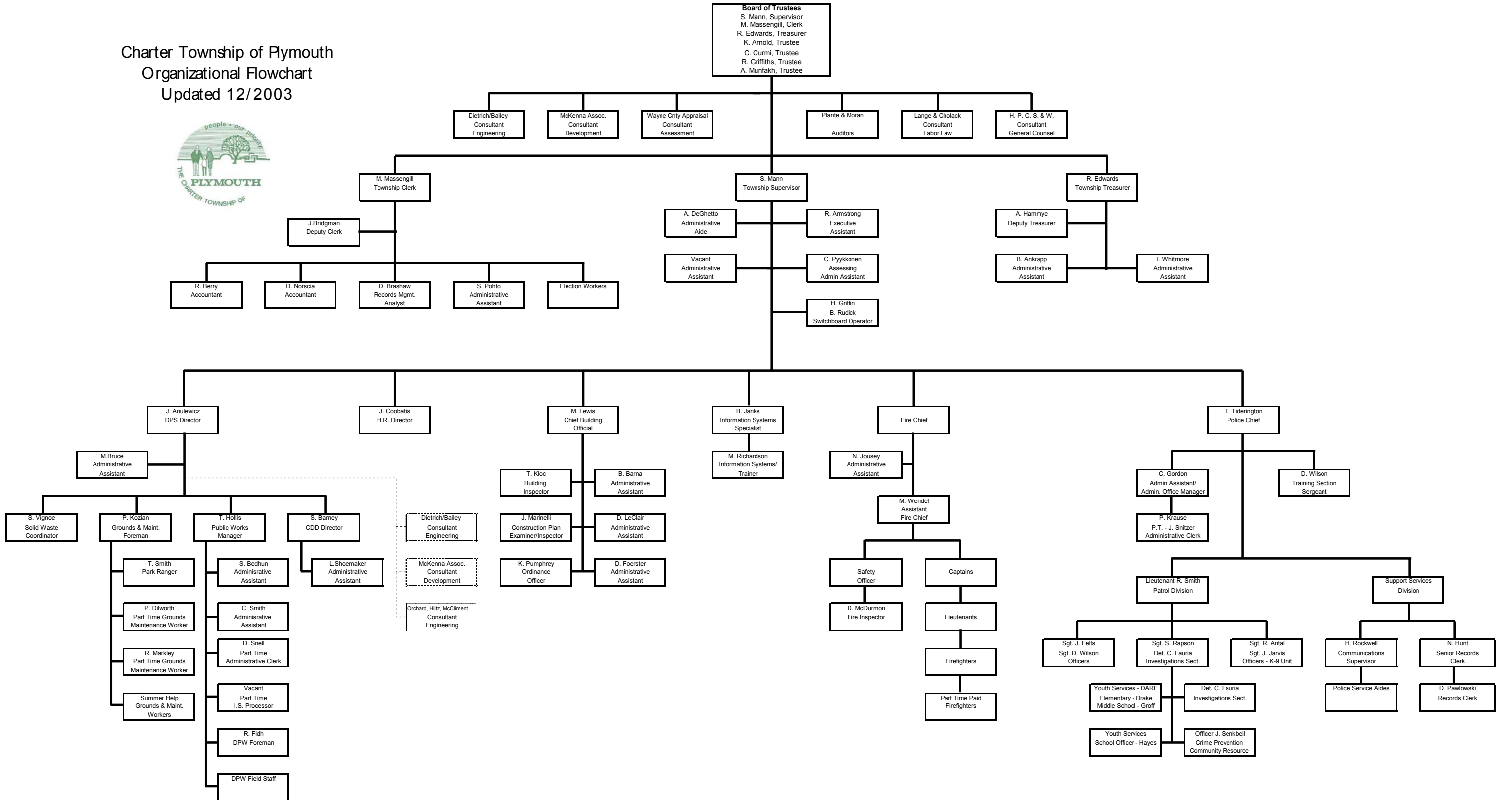
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

Charter Township of Plymouth  
Organizational Flowchart  
Updated 12/2003



# Charter Township of Plymouth

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## List of Principal Officials

### Supervisor's Office

Supervisor  
Human Resource Director

Steven Mann  
Joann Coobatis

### Clerk's Office

Clerk  
Deputy Clerk

Marilyn Massengill  
Joseph Bridgeman

### Treasurer's Office

Treasurer  
Deputy Treasurer

Ron Edwards  
Amy Hammye

### Building Department

Mark Lewis

### Fire Department

Fire Chief  
Assistant Fire Chief  
Fire Marshal  
Emergency Manager

Vacant  
Mark Wendel  
Don McDurmon  
Don McDurmon

### Information Services

Robert Janks

### Public Services Division

Director  
Department of Public Works  
Community Development Director  
Solid Waste/Recreation Coordinator  
Park Manager

James D. Anulewicz  
Tony Hollis  
Shirley Barney  
Susan Vignoe  
Phil Kozian

### Police Department

Police Chief  
Police Lieutenant

Thomas Tiderington  
Robert Smith

# Charter Township of Plymouth

## Summary of Personnel Positions December 31, 2003

	Full-time	Part-time
<b>Supervisor's Office</b>	3	-
<b>Human Resources</b>	1	-
<b>Information Services</b>	2	2
<b>Assessing</b>	1	-
<b>Clerk's Office</b>	6	1
<b>Treasurer's Office</b>	3	1
<b>Building Department</b>		
Official's Office	4	-
Ordinance/Inspections	3	-
Facility Maintenance	1	-
<b>Department of Public Services</b>		
Director's Office	2	-
Waste Management	1	-
Community Development	2	-
Public Works	10	1
Parks	2	2
<b>Public Safety</b>		
Fire	30	7
Police	45	1
	<hr/>	<hr/>
<b>Total employees</b>	<b><u>116</u></b>	<b><u>15</u></b>

# Charter Township of Plymouth

## Labor Agreements December 31, 2003

Bargaining Unit	Expiration Date	Number of Employees
<b>Command Officers Association of Michigan -</b> Sergeants	12/31/05	7
<b>Police Officers Association of Michigan -</b> Represents police officers and dispatchers	12/31/02	31
<b>International Association of Firefighters -</b> Represents firefighters	3/31/03	28
<b>American Federation of State, County, and Municipal Employees -</b> Represents administrative assistant, facilities maintenance employees, building inspectors, and ordinance officers	12/31/04	31
<b>Teamsters -</b> Represents public works employees	12/31/06	6
Total		<b>103</b>

# Charter Township of Plymouth

## Fund Organization Chart December 31, 2003 (Unaudited)

<u>Fund Name</u>	<u>Fund Number</u>
<b>Governmental Funds</b>	
General Fund	101
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Tax Collections	703



**Plante & Moran, PLLC**  
27400 Northwestern Highway  
P.O. Box 307  
Southfield, MI 48037-0307  
Tel: 248.352.2500  
Fax: 248.352.0018  
plantemoran.com

## Independent Auditor's Report

To the Board of Trustees  
Charter Township of Plymouth  
Wayne County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter Township of Plymouth as of and for the year ended December 31, 2003, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Charter Township of Plymouth's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter Township of Plymouth as of December 31, 2003 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and the General Fund and Improvement Revolving Fund budgetary comparison schedules, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

A member of



A worldwide association of independent accounting firms



To the Board of Trustees  
Charter Township of Plymouth  
Wayne County, Michigan

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of Plymouth's basic financial statements. The accompanying introductory section, other supplemental information, and statistical section, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The combining balance sheets and combining statements of revenue, expenditures, and changes in fund balance have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section, Drug Forfeiture Fund budgetary comparison schedule, and statistical section have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2004 on our consideration of the Charter Township of Plymouth's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

As described in Note 11, the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and related statements, as of January 1, 2003.

*Plante & Moran, PLLC*

May 28, 2004

# **Charter Township of Plymouth**

## **Management's Discussion and Analysis**

The Charter Township of Plymouth's discussion and analysis is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the Township's financial activity, (3) identify changes in the Township's financial position, (4) identify any material deviations from the approved budget, and (5) identify individual fund issues or concerns.

The management's discussion and analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts. Please read it in conjunction with the transmittal letter and the Township's financial statements.

### **Financial Highlights**

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended December 31, 2003:

- Property taxes, our largest revenue source, increased by approximately \$420,000 this year due to the continued development of the Township.
- State-shared revenue, our second largest revenue source, was reduced by the State of Michigan by approximately \$242,000 this year.
- Contributions from the City of Plymouth for fire and dispatch services were reduced by \$210,864 this year. This was attributed to the City not paying timely in 2001 and income being recognized in 2002.
- Fines and forfeits - District Court revenue was reduced by \$90,423. This is attributed to an additional full-time judge in 2003.
- Total General Fund expenditures and financing sources increased by just \$75,155, or 6 tenths of 1 percent, well below the rate of inflation.
- Water and sewer operating revenue increased to \$85,356. The Township will not seek a rate increase for the upcoming year due to the positive results achieved.
- Total net assets related to the Township's governmental activities decreased by approximately \$489,000. For the most part, this represented depreciation on general fixed assets, which is not a cash outlay, and was funded by our taxpayers at the time of purchase, rather than as the assets are being used.
- The Township received a credit rating of AA from Standards and Poor's. This was the first time that Standard and Poor's issued a rating for the Township.
- The Township received a Certificate of Achievement for Excellence in Financial Reporting for their 2002 Comprehensive Annual Financial Report. This is the highest achievement a governmental unit is awarded.

# **Charter Township of Plymouth**

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## **Management's Discussion and Analysis (Continued)**

### **Township Highlights**

- The Township continued construction of Lakepointe Soccer Park during 2003. The soccer park was opened to the public on June 8, 2004.
- The Township completed renovations to the Friendship Station Senior Center. Expansion of the facility was approved in 2004.
- The Township continued construction of sidewalks in the community to connect neighborhoods.

### **Using this Annual Report**

This annual report consists of a series of financial statements. The statement of net assets (deficit) and the statement of activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements by providing information about the Township's most significant funds. The fiduciary fund statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside of the government.

# Charter Township of Plymouth

## Management's Discussion and Analysis (Continued)

### The Township as a Whole

The following table shows, in a condensed format, the net assets as of the current date and compared to the prior year (amounts are rounded to the nearest thousands of dollars):

TABLE I

	Governmental Activities		Business-type Activities		Total	
	2003	2002	2003	2002	2003	2002
<b>Assets</b>						
Current assets	\$ 14,579,000	\$ 15,239,000	\$ 13,896,000	\$ 13,635,000	\$ 28,475,000	\$ 28,874,000
Noncurrent assets	10,494,000	9,598,000	72,346,000	72,699,000	82,840,000	82,297,000
Total assets	25,073,000	24,837,000	86,242,000	86,334,000	111,315,000	111,171,000
<b>Liabilities</b>						
Current liabilities	7,409,000	7,657,000	1,189,000	1,924,000	8,598,000	9,581,000
Long-term liabilities	1,973,000	1,000,000	35,203,000	35,501,000	37,176,000	36,501,000
Total liabilities	9,382,000	8,657,000	36,392,000	37,425,000	45,774,000	46,082,000
<b>Net Assets</b>						
Invested in capital assets -						
Net of related debt	8,379,000	8,329,000	33,834,000	34,129,000	42,213,000	42,458,000
Restricted	51,000	262,000	-	-	51,000	262,000
Unrestricted	7,261,000	7,589,000	16,016,000	14,780,000	23,277,000	22,369,000
Total net assets	<u>\$ 15,691,000</u>	<u>\$ 16,180,000</u>	<u>\$ 49,850,000</u>	<u>\$ 48,909,000</u>	<u>\$ 65,541,000</u>	<u>\$ 65,089,000</u>

The Township's combined net assets increased approximately 1 percent from a year ago - increasing from \$65,089,000 to \$65,541,000. As we look at the governmental activities separately from the business-type activities, we can see that net assets for business-type activities increased by \$941,000, while net assets for governmental activities decreased by \$489,000.

Unrestricted net assets - the part of the net assets that can be used to finance day-to-day operations - decreased by \$328,000 for the government activities. This represents a decrease of approximately 4.3 percent. The current level of unrestricted net assets for our governmental activities stands at \$7,261,000, or about 59 percent of expenditures.

# Charter Township of Plymouth

## Management's Discussion and Analysis (Continued)

The following table shows the changes of the net assets during the current year (amounts are rounded to the nearest thousands of dollars):

TABLE 2

	Governmental Activities	Business-type Activities	Total
<b>Revenue</b>			
Program revenue:			
Charges for services	\$ 2,681,000	\$ 11,085,000	\$ 13,766,000
Operating grants and contributions	425,000	-	425,000
Capital grants and contributions	22,000	-	22,000
General revenue:			
Property taxes	5,560,000	-	5,560,000
State-shared revenues	2,170,000	-	2,170,000
Investment earnings	309,000	161,000	470,000
Cable franchise fees	284,000	-	284,000
Golf course fees	350,000	-	350,000
Total revenue	11,801,000	11,246,000	23,047,000
<b>Program Expenses</b>			
General government	2,114,000	-	2,114,000
Public safety	7,852,000	-	7,852,000
Building inspections	610,000	-	610,000
Planning and zoning	493,000	-	493,000
Public works	676,000	-	676,000
Community services	164,000	-	164,000
Parks	335,000	-	335,000
Interest on long-term debt	46,000	-	46,000
Water and sewer	-	9,169,000	9,169,000
Rubbish disposal	-	1,136,000	1,136,000
Total program expenses	12,290,000	10,305,000	22,595,000
<b>Change in Net Assets</b>	<b>\$ (489,000)</b>	<b>\$ 941,000</b>	<b>\$ 452,000</b>

# **Charter Township of Plymouth**

## **Management's Discussion and Analysis (Continued)**

### **Governmental Activities**

The Township's total governmental revenues decreased by approximately \$1,035,886 due to decreases in state-shared revenue, special assessment collections, and interest income. The decrease, which represents 7.4 percent, was primarily due to collections for special assessments.

Expenses decreased by 4.1 percent during the year. Decreases were led by the reduction in special assessment projects during 2003. The Township continued to control costs within the General Fund.

### **Business-type Activities**

The Township's business-type activities consist of the Water and Sewer Fund and the Solid Waste Disposal Fund. We provide water to residents from the Detroit Water System. We provide sewage treatment through the Western Townships Utilities Authority, which collects sewage, equalizes it, and sends it to both the Detroit sewage treatment plant and the Ypsilanti Community Utilities Authority sewage treatment plant. In 2003, water used per customer was down approximately 18 percent from the prior year, primarily because of weather patterns. However, the Township's operating expenses were lower, such as repairs and maintenance. As a result, the Water and Sewer Fund reported an operating income of approximately \$85,000.

### **The Township's Funds**

Our analysis of the Township's major funds begins on page 13, following the government-wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Township's major funds for 2003 include the General Fund, the Improvement Revolving Fund, the Water and Sewer Fund, and the Solid Waste Fund.

### **Governmental Funds**

#### **General Fund Budgetary Highlights**

Over the course of the year, the Township amended the budget to take into account events during the year. The most significant changes were a decrease to the state-shared revenue budget of \$200,000 and an increase to the Community Development budget by \$90,000. This was a result of the decline in state tax collections and an increase in development projects in the Township. Township departments overall stayed below budget, resulting in total expenditures of \$12,124,759; this was \$881,966 below budget. This resulted in a decrease to the fund balance of just \$145,158.

# **Charter Township of Plymouth**

## **Management's Discussion and Analysis (Continued)**

### **Improvement Revolving Highlights**

The deficit in the Improvement Revolving Fund was reduced by \$481,381 to \$70,850. The Township amended the budget during the year due to projects being deferred.

### **Business-type Funds**

#### **Water and Sewer Fund**

The Water and Sewer Fund experienced a \$913,085 increase in net assets. The increase is primarily due to (1) a rate increase in July 2002 and (2) effective maintenance programs established by the Township.

### **Capital Asset and Debt Administration**

#### **Capital Assets**

As of the year end, the Township had \$33,834,233 invested in a variety of capital assets, including buildings, fire and police equipment, and water and sewer lines. This represents a net decrease (additions less retirements and depreciation) of \$294,978, or 0.9 percent from the end of last year. Roads within the Township are accounted for and maintained by the County of Wayne. A summary of capital assets is presented on page 33 (Note 5 of the notes to the financial statements).

#### **Debt Outstanding**

As of year end, the Township had \$36,969,951 in debt outstanding compared to \$36,080,032 last year, a 2.5 percent increase. The key factor to the increase was due to the Township entering into an installment purchase agreement for \$1,173,733 to pay for Lakepointe Soccer Park.

A significant portion of the Township's debt (\$35,470,672) is attributable to business-type activities (water and sewer). A summary of debt is presented on page 36 (Note 7 of the notes to the financial statements).

### **Economic Factors and Next Year's Budgets and Rates**

The State of Michigan relies on various taxes and fees to provide governmental activities to their citizens. Local governments rely primarily on property taxes and state-shared revenues to provide governmental activities to their citizens. For business-type (water and sewer, solid waste disposal) and certain governmental activities (permitting, development), the user pays a related fee or charge associated with the service.

The State of Michigan has made several reductions in state-shared revenues over the past two years. We expect further reductions in state-shared revenue in 2004.

# **Charter Township of Plymouth**

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## **Management's Discussion and Analysis (Continued)**

### **Contacting the Township's Management**

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Township's finances and to show the Township's accountability. If you have questions about this report or need additional information, we welcome you to contact the Township's treasurer's office at 42350 Ann Arbor Rd, Plymouth, MI 48170.



# Charter Township of Plymouth

## Statement of Net Assets (Deficit) December 31, 2003

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and investments (Note 3)	\$ 9,079,400	\$ 11,664,848	\$ 20,744,248	\$ 27,547
Receivables - Net (Note 4):				
2004 property taxes	3,127,649	105,367	3,233,016	163,708
Special assessments	1,422,793	-	1,422,793	-
Accounts	-	1,952,942	1,952,942	-
Other	161,027	43,547	204,574	9,857
Internal balances	(84,828)	84,828	-	-
Due from other governmental units	872,773	-	872,773	-
Prepaid costs and other assets	-	44,150	44,150	-
Investment in joint venture (Note 1):				
Western Township Utilities Authority (WTUA)	-	38,512,029	38,512,029	-
35th District Courthouse Authority	786,000	-	786,000	-
Nondepreciable capital assets (Note 5)	3,945,911	650,000	4,595,911	-
Depreciable capital assets - Net (Note 5)	5,761,826	33,184,233	38,946,059	-
<b>Total assets</b>	<b>25,072,551</b>	<b>86,241,944</b>	<b>111,314,495</b>	<b>201,112</b>
<b>Liabilities</b>				
Accounts payable	622,165	804,711	1,426,876	-
Accrued and other liabilities	353,993	17,101	371,094	-
Deferred revenue (Note 4)	5,726,165	-	5,726,165	163,708
Due to other governmental units	9,857	-	9,857	56,098
Compensated absences:				
Due within one year	531,139	42,934	574,073	-
Due in more than one year	639,676	56,355	696,031	-
Long-term debt (Note 7):				
Due within one year	166,145	324,012	490,157	-
Due in more than one year	1,333,134	35,146,660	36,479,794	-
<b>Total liabilities</b>	<b>9,382,274</b>	<b>36,391,773</b>	<b>45,774,047</b>	<b>219,806</b>
<b>Net Assets (Deficit)</b>				
Invested in capital assets - Net of related debt	8,378,501	33,834,233	42,212,734	-
Restricted for drug enforcement	51,123	-	51,123	-
Unrestricted	7,260,653	16,015,938	23,276,591	(18,694)
<b>Total net assets (deficit)</b>	<b>\$ 15,690,277</b>	<b>\$ 49,850,171</b>	<b>\$ 65,540,448</b>	<b>\$ (18,694)</b>

# Charter Township of Plymouth

Functions/Programs	Program Revenues		
	Charges for	Operating	Capital Grants
Expenses	Services	Grants and Contributions	and Contributions
Primary government:			
Governmental activities:			
General government	\$ 2,114,151	\$ 44,472	\$ 16,424
Public safety:			\$ -
Police	3,624,980	274,156	184,122
Fire	3,360,823	1,022,454	-
Dispatching	867,500	348,652	-
Building inspections (Note 2)	610,060	750,430	-
Planning and zoning	492,764	136,863	-
Public works	676,311	-	210,047
Community services	163,558	104,310	14,596
Parks	334,851	-	-
Interest on long-term debt	46,351	-	-
Total governmental activities	12,291,349	2,681,337	425,189
Business-type activities:			
Water and sewer	9,168,820	10,081,905	-
Rubbish disposal	1,136,189	1,003,614	-
Total business-type activities	10,305,009	11,085,519	-
Total primary government	<u>\$ 22,596,358</u>	<u>\$ 13,766,856</u>	<u>\$ 425,189</u>
Component units:			
Downtown Development Authority	\$ 35,681	\$ -	\$ -
Economic Development Corporation	-	-	-
Brownfield Redevelopment Authority	269,783	-	-
Total component units	<u>\$ 305,464</u>	<u>\$ -</u>	<u>\$ -</u>
General revenues:			
Property taxes			
State-shared revenues			
Investment earnings			
Cable franchise fees			
Golf course fees			
Total general revenues			
<b>Change in Net Assets</b>			
<b>Net Assets (Deficit) - Beginning of year, as restated (Note 11)</b>			
<b>Net Assets (Deficit) - End of year</b>			

**Statement of Activities**  
**Year Ended December 31, 2003**

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Units
Governmental Activities	Business-type Activities	Total	
\$ (2,053,255)	\$ -	\$ (2,053,255)	\$ -
(3,166,702)	-	(3,166,702)	-
(2,338,369)	-	(2,338,369)	-
(518,848)	-	(518,848)	-
140,370	-	140,370	-
(355,901)	-	(355,901)	-
(443,915)	-	(443,915)	-
(44,652)	-	(44,652)	-
(334,851)	-	(334,851)	-
(46,351)	-	(46,351)	-
(9,162,474)	-	(9,162,474)	-
-	913,085	913,085	-
-	(132,575)	(132,575)	-
-	780,510	780,510	-
(9,162,474)	780,510	(8,381,964)	-
-	-	-	(35,681)
-	-	-	-
-	-	-	(269,783)
-	-	-	(305,464)
5,559,816	-	5,559,816	320,084
2,169,801	-	2,169,801	-
309,151	160,765	469,916	270
283,667	-	283,667	-
350,000	-	350,000	-
8,672,435	160,765	8,833,200	320,354
(490,039)	941,275	451,236	14,890
16,180,316	48,908,896	65,089,212	(33,584)
<b>\$ 15,690,277</b>	<b>\$ 49,850,171</b>	<b>\$ 65,540,448</b>	<b>\$ (18,694)</b>

# Charter Township of Plymouth

## Governmental Funds Balance Sheet December 31, 2003

	General Fund	Improvement Revolving Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and investments (Note 3)	\$ 8,505,427	\$ 522,850	\$ 51,123	\$ 9,079,400
Receivables - Net:				
2004 property taxes	3,127,649	-	-	3,127,649
Special assessments	-	1,422,794	-	1,422,794
Other	129,706	-	31,320	161,026
Due from other funds (Note 6)	574,324	-	-	574,324
Due from other governmental units	872,773	-	-	872,773
Total assets	<u>\$ 13,209,879</u>	<u>\$ 1,945,644</u>	<u>\$ 82,443</u>	<u>\$ 15,237,966</u>
<b>Liabilities and Fund Balances (Deficit)</b>				
<b>Liabilities</b>				
Accounts payable	\$ 411,868	\$ 210,297	\$ -	\$ 622,165
Accrued and other liabilities	345,358	-	-	345,358
Due to other funds (Note 6)	84,828	555,004	19,320	659,152
Deferred revenue (Note 4)	5,983,839	1,251,193	12,000	7,247,032
Due to other governmental units	9,857	-	-	9,857
Total liabilities	6,835,750	2,016,494	31,320	8,883,564
<b>Fund Balances (Deficit)</b>				
Reserved for Lake Pointe Soccer Park	-	111,115	-	111,115
Unreserved, reported in:				
General Fund	6,374,129	-	-	6,374,129
Special Revenue Funds	-	(181,965)	51,123	(130,842)
Total fund balances (deficit)	6,374,129	(70,850)	51,123	6,354,402
Total liabilities and fund balances (deficit)	<u>\$ 13,209,879</u>	<u>\$ 1,945,644</u>	<u>\$ 82,443</u>	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds	9,707,737
Special assessment receivables are expected to be collected over several years and are not available to pay for current year expenditures	1,251,193
Grants and other revenues not received within 60 days of year end are not available currently and are not reported in the funds	269,674
Long-term liabilities are not due and payable in the current period and are not reported in the funds	(1,499,279)
Interest amounts on long-term liabilities are not due and payable in the current period and are not reported in the funds	(3,635)
Compensated absences are not due and payable in the current period and are not recorded in the funds	(1,170,815)
Investment in joint venture is not a financial resource and is not reported in the funds	786,000
Self-insurance liabilities are not due and payable in the current period and are not reported in the funds	(5,000)
Net assets of governmental activities	<u>\$ 15,690,277</u>

# Charter Township of Plymouth

## Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances (Deficit) Year Ended December 31, 2003

	General Fund	Improvement Revolving Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenue</b>				
Property taxes	\$ 5,624,458	\$ -	\$ -	\$ 5,624,458
Licenses and permits	882,336	-	-	882,336
Federal grants	113,770	-	-	113,770
State-shared revenues (and grants)	2,169,801	-	-	2,169,801
City of Plymouth contribution	1,103,710	-	-	1,103,710
District Court fines	188,209	-	-	188,209
Interest and rents	494,167	164,984	-	659,151
Intragovernmental service charge	448,330	-	-	448,330
Special assessments	-	775,714	-	775,714
Other	954,820	-	126,193	1,081,013
Total revenue	11,979,601	940,698	126,193	13,046,492
<b>Expenditures</b>				
Current:				
General government	2,778,001	-	-	2,778,001
Public safety	7,500,889	-	126,193	7,627,082
Planning and zoning	1,028,106	-	-	1,028,106
Streets and street lighting				
Community social services	163,558	-	-	163,558
Parks	246,550	-	-	246,550
Capital outlay	-	1,823,003	-	1,823,003
Debt service	106,173	60,446	-	166,619
Total expenditures	11,823,277	1,883,449	126,193	13,832,919
<b>Excess of Revenue Over (Under) Expenditures</b>	156,324	(942,751)	-	(786,427)
<b>Other Financing Sources (Uses)</b>				
Transfers in (Note 6)	-	250,359	51,123	301,482
Transfers out (Note 6)	(301,482)	-	-	(301,482)
Issuance of debt	-	1,173,773	-	1,173,773
Total other financing sources (uses)	(301,482)	1,424,132	51,123	1,173,773
<b>Net Change in Fund Balances</b>	(145,158)	481,381	51,123	387,346
<b>Fund Balances (Deficit) - Beginning of year, as restated</b>	6,519,287	(552,231)	-	5,967,056
<b>Fund Balances (Deficit) - End of year</b>	<b>\$ 6,374,129</b>	<b>\$ (70,850)</b>	<b>\$ 51,123</b>	<b>\$ 6,354,402</b>

# Charter Township of Plymouth

## **Governmental Funds** **Reconciliation of the Statement of Revenue, Expenditures,** **and Changes in Fund Balances (Deficit) of Governmental Funds** **to the Statement of Activities** **Year Ended December 31, 2003**

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 387,346</b>
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation	1,633,184
In the statement of activities, the loss on sale of assets is recorded; in the funds, the proceeds from sale of assets are reported	(21,953)
Depreciation on capital assets reported as part of governmental activities	(677,085)
Special assessment revenues are recorded in the statement of activities when the assessment is set; they are not reported in the funds until collected or collectible within 60 days of year end	(753,367)
Revenue reported in the statement of activities that does not provide current financial resources and is not reported as revenue in the governmental funds (GASB No. 33)	16,468
Equity interest in 35th District Courthouse Authority is not reported in the governmental funds	(38,000)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	119,494
Installment purchase financing is not reported as financing sources on the statement of activities	(1,173,773)
Accrued interest payable is recorded when due in governmental funds	775
Accumulated employee sick and vacation pay, as well as estimated general liability claims, are recorded when earned in the statement of activities	16,872
<b>Change in Net Assets of Governmental Activities</b>	<b><u>\$ (490,039)</u></b>

# Charter Township of Plymouth

## Proprietary Funds Statement of Net Assets December 31, 2003

	Water and Sewer Fund	Solid Waste Disposal Fund	Total Proprietary Funds
<b>Assets</b>			
Current assets:			
Cash and cash equivalents (Note 3)	\$ 11,664,848	\$ -	\$ 11,664,848
Receivables - Net	1,847,565	254,291	2,101,856
Due from other funds (Note 6)	67,963	16,865	84,828
Prepaid costs, inventory, and other assets	44,150	-	44,150
Total current assets	13,624,526	271,156	13,895,682
Noncurrent assets:			
Investment in WTUA (Note 1)	38,512,029	-	38,512,029
Nondepreciable capital assets (Note 5)	650,000	-	650,000
Depreciable capital assets - Net (Note 5)	33,184,233	-	33,184,233
Total noncurrent assets	72,346,262	-	72,346,262
Total assets	85,970,788	271,156	86,241,944
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	554,271	250,440	804,711
Accrued and other liabilities	15,672	1,429	17,101
Current portion of compensated absences	40,330	2,604	42,934
Current portion of long-term debt	324,012	-	324,012
Total current liabilities	934,285	254,473	1,188,758
Noncurrent liabilities:			
Compensated absences - Net of current portion	54,808	1,547	56,355
Long-term debt - Net of current portion	35,146,660	-	35,146,660
Total noncurrent liabilities	35,201,468	1,547	35,203,015
Total liabilities	36,135,753	256,020	36,391,773
<b>Net Assets</b>			
Investment in capital assets - Net of related debt	33,834,233	-	33,834,233
Unrestricted	16,000,802	15,136	16,015,938
Total net assets	<u>\$ 49,835,035</u>	<u>\$ 15,136</u>	<u>\$ 49,850,171</u>

# Charter Township of Plymouth

## Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Assets Year Ended December 31, 2003

	Water and Sewer Fund	Solid Waste Disposal Fund	Total Proprietary Funds
<b>Operating Revenue</b>			
Sale of water	\$ 3,290,137	\$ -	\$ 3,290,137
Sewage disposal charges	3,911,842	-	3,911,842
Solid waste charges	-	1,003,614	1,003,614
Installation charges	58,749	-	58,749
Intragovernmental services	74,846	-	74,846
Other miscellaneous revenue	154,181	-	154,181
Total operating revenue	7,489,755	1,003,614	8,493,369
<b>Operating Expenses</b>			
Cost of water	1,944,961	-	1,944,961
Cost of sewage disposal	2,593,520	-	2,593,520
Solid waste disposal	-	1,055,546	1,055,546
Salaries and fringe benefits	669,739	77,338	747,077
Intragovernmental services charges	448,330	-	448,330
Depreciation	1,085,455	-	1,085,455
Professional services	5,001	-	5,001
Repair and maintenance	277,005	-	277,005
Administrative expenses	76,821	-	76,821
Miscellaneous	303,567	3,305	306,872
Total operating expenses	7,404,399	1,136,189	8,540,588
<b>Operating Income (Loss)</b>	85,356	(132,575)	(47,219)
<b>Nonoperating Revenue (Expenses)</b>			
Meter charges	1,234,365	-	1,234,365
Investment income	160,765	-	160,765
Interest expense	(1,764,421)	-	(1,764,421)
<b>Loss - Before contributions</b>	(283,935)	(132,575)	(416,510)
<b>Capital Contributions</b>			
Benefit fees	717,288	-	717,288
Lines constructed by developers	640,497	-	640,497
Total capital contributions	1,357,785	-	1,357,785
<b>Change in Net Assets</b>	1,073,850	(132,575)	941,275
<b>Net Assets - Beginning of year, as restated (Note 11)</b>	48,761,185	147,711	48,908,896
<b>Net Assets - End of year</b>	<u>\$ 49,835,035</u>	<u>\$ 15,136</u>	<u>\$ 49,850,171</u>



# Charter Township of Plymouth

## Proprietary Funds Statement of Cash Flows Year Ended December 31, 2003

	Water and Sewer Fund	Solid Waste Disposal Fund	Total Proprietary Funds
<b>Cash Flows from Operating Activities</b>			
Receipts from customers	\$ 7,573,927	\$ 1,000,407	\$ 8,574,334
Payments to suppliers	(6,064,521)	(887,484)	(6,952,005)
Payments to employees	(660,151)	(76,197)	(736,348)
Internal activity - Payments to other funds	(486,926)	(37,024)	(523,950)
Other receipts	229,027	-	229,027
Net cash provided by (used in) operating activities	591,356	(298)	591,058
<b>Cash Flows from Capital and Related Financing Activities</b>			
Meter charges	1,234,365	-	1,234,365
New customer benefit charges	717,288	-	717,288
Purchase of capital assets	(149,980)	-	(149,980)
Principal and interest paid on capital debt	(2,007,507)	-	(2,007,507)
Net cash used in capital and related financing activities	(205,834)	-	(205,834)
<b>Cash Flows from Investing Activities</b> - Interest received on investments	160,765	-	160,765
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	546,287	(298)	545,989
<b>Cash and Cash Equivalents</b> - Beginning of year	11,118,561	298	11,118,859
<b>Cash and Cash Equivalents</b> - End of year	<u>\$ 11,664,848</u>	<u>\$ -</u>	<u>\$ 11,664,848</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</b>			
Operating income (loss)	\$ 85,356	\$ (132,575)	\$ (47,219)
Adjustments to reconcile operating income (loss) to net cash from operating activities:			
Depreciation	1,085,455	-	1,085,455
Changes in assets and liabilities:			
Receivables	313,199	(3,207)	309,992
Due from other funds	(66,253)	(16,865)	(83,118)
Prepays, inventory, and other assets	58,061	-	58,061
Accounts payable	(473,377)	171,367	(302,010)
Accrued and other liabilities	9,588	1,141	10,729
Due to other funds	(420,673)	(20,159)	(440,832)
Net cash provided by (used in) operating activities	<u>\$ 591,356</u>	<u>\$ (298)</u>	<u>\$ 591,058</u>

**Noncash Investing, Capital, and Financing Activities** - During the year ended December 31, 2003, the Water and Sewer Fund received \$640,497 of lines donated by developers.

# Charter Township of Plymouth

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## **Fiduciary Funds Statement of Assets and Liabilities December 31, 2003**

	<u>Agency Funds</u>
<b>Assets - Cash and cash equivalents (Note 3)</b>	<b><u>\$ 6,141,719</u></b>
<b>Liabilities</b>	
Accrued and other liabilities	\$ 35,541
Due to other governmental units	5,420,764
Deposits for developers and refundables	355,789
Deposits for building bonds	<u>329,625</u>
 Total liabilities	 <b><u>\$ 6,141,719</u></b>

# Charter Township of Plymouth

## Component Units Statement of Net Assets (Deficit) December 31, 2003

	Downtown Development Authority	Economic Development Corporation	Brownfield Redevelopment Authority	Totals
<b>Assets</b>				
Cash and investments (Note 3)	\$ -	\$ 17,086	\$ 10,461	\$ 27,547
Property tax receivable	69,162	-	94,546	163,708
Due from other governmental units	-	-	9,857	9,857
Total assets	69,162	17,086	114,864	201,112
<b>Liabilities</b>				
Deferred revenue	69,162	-	94,546	163,708
Due to other governmental units	56,098	-	-	56,098
Total liabilities	125,260	-	94,546	219,806
<b>Net Assets (Deficit) - Unrestricted</b>	<b>\$ (56,098)</b>	<b>\$ 17,086</b>	<b>\$ 20,318</b>	<b>\$ (18,694)</b>

# Charter Township of Plymouth

## Component Units Statement of Activities Year Ended December 31, 2003

		Net (Expense) Revenue and Changes in Net Assets			
		Downtown Development Authority	Economic Development Corporation	Brownfield Redevelopment Authority	Total
	Expenses				
<b>Downtown Development Authority -</b>					
Public works	\$ 35,681	\$ (35,681)	\$ -	\$ -	\$ (35,681)
<b>Economic Development Corporation -</b>					
Public works	-	-	-	-	-
<b>Brownfield Redevelopment Authority -</b>					
Environmental remediation	269,783	-	-	(269,783)	(269,783)
Total governmental activities	<u>\$ 305,464</u>	(35,681)	-	(269,783)	(305,464)
<b>General Revenues</b>					
Property tax capture		30,134	-	289,950	320,084
Interest		-	119	151	270
Total general revenues		30,134	119	290,101	320,354
<b>Change in Net Assets (Deficit)</b>		(5,547)	119	20,318	14,890
<b>Net Assets (Deficit) - Beginning of year</b>		(50,551)	16,967	-	(33,584)
<b>Net Assets (Deficit) - End of year</b>		<u>\$ (56,098)</u>	<u>\$ 17,086</u>	<u>\$ 20,318</u>	<u>\$ (18,694)</u>

# Charter Township of Plymouth

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## Notes to Financial Statements December 31, 2003

### Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Charter Township of Plymouth (the "Township") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Charter Township of Plymouth:

#### **Reporting Entity**

The Charter Township of Plymouth is governed by an elected seven-member Board of Trustees. The accompanying financial statements present the Township and its component units, entities for which the Township is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the Township's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Township (see discussion below for description).

**Blended Component Units** - The Township Building Authority is governed by a board that is appointed by the Township. Although it is legally separate from the Township, it is reported as if it were part of the primary government because its primary purpose is to finance and construct the Township's public buildings. To date, the Authority has constructed a fire station. It holds no assets; the debt activity has been blended into the General Fund.

**Discretely Presented Component Units** - The Downtown Development Authority was created to correct and prevent deterioration in the downtown district, to eliminate blighting influences and brownfield impacts, and to promote the overall image of the downtown district. The Township Board of Trustees appoints the Authority's governing body, and has the ability to impose its will. It is reported within the component unit column in the combined financial statements to emphasize that it is legally separate from the Township. The Authority does not publish a separately issued financial statement. The Authority can be contacted at its administrative offices as follows:

Downtown Development Authority  
42350 Ann Arbor Road  
Plymouth, MI 48170

# Charter Township of Plymouth

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## Notes to Financial Statements December 31, 2003

### **Note 1 - Summary of Significant Accounting Policies (Continued)**

The Economic Development Corporation was created to provide means and methods for the encouragement and assistance of industrial and commercial enterprises in relocating, purchasing, constructing, improving, or expanding within the Township, primarily through loans to eligible businesses. The Township Board of Trustees appoints the Corporation's governing body, and has the ability to impose its will. It is reported within the component unit column in the combined financial statements to emphasize that it is legally separate from the Township. The Corporation does not publish a separately issued financial statement. The Corporation can be contacted at its administrative offices as follows:

Economic Development Corporation  
42350 Ann Arbor Road  
Plymouth, MI 48170

The Brownfield Redevelopment Authority was created to finance environmental cleanup within the boundaries of the Township. The Township Board of Trustees appoints the Authority's governing body, and has the ability to impose its will. It is reported within the component unit column in the combined financial statements to emphasize that it is legally separate from the Township. The Authority does not publish a separately issued financial statement. The Authority can be contacted at its administrative offices as follows:

Brownfield Redevelopment Authority  
42350 Ann Arbor Road  
Plymouth, MI 48170

**Jointly Governed Organizations** - The Township is a member of the Western Townships Utilities Authority, which provides sewage disposal services to the Townships of Canton, Northville, and Plymouth. The participating communities provide annual funding for its operations through payment of monthly sewer use invoices and semi-annual debt payments. During the current year, the Township paid the Authority approximately \$2,004,000 for its operations, \$2,007,000 for its debt, and \$54,000 for capital project costs. The Authority has currently been funded with \$191,500 of working capital and is current in its debt payments. The Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments. Complete financial statements for the Authority can be obtained from the administrative offices at 40905 Joy Road, Canton, MI 48187.

# **Charter Township of Plymouth**

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## **Notes to Financial Statements December 31, 2003**

### **Note 1 - Summary of Significant Accounting Policies (Continued)**

The Township is a member of the 35<sup>th</sup> District Court System, which provides judicial services to the Township and several other surrounding communities. The Township appoints one member to the joint venture's board, which then approves the annual budget. The Township and the other member communities have agreed to become guarantors of bonds issued by the District Court Building Authority during 1999. The Township's portion of the guaranteed debt is less than \$1,000,000. The Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments.

#### **Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets (deficit) and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements.

# Charter Township of Plymouth

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## Notes to Financial Statements December 31, 2003

### Note 1 - Summary of Significant Accounting Policies (Continued)

#### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund, fiduciary fund, and component unit financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The following major revenue sources meet the availability criterion: state-shared revenue, district court fines, and interest associated with the current fiscal period. Conversely, special assessments and federal grant reimbursements will be collected after the period of availability; receivables have been recorded for these, along with a "deferred revenue" liability.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

The Township reports the following major governmental funds:

**General Fund** - The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**Improvement Revolving Fund** - The Improvement Revolving Fund was established to account for revenues and expenditures for certain capital improvements and special assessments (road paving and sidewalk repairs) requiring separate accounting and financing.



# Charter Township of Plymouth

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## Notes to Financial Statements December 31, 2003

### Note 1 - Summary of Significant Accounting Policies (Continued)

The Township reports the following major proprietary funds:

**Water and Sewer Fund** - The Water and Sewer Fund is used to account for the results of operations for providing water and sewer service to the citizens and businesses of the Township. The fund's primary revenues are generated through user charges from those requesting water and sewer services.

**Solid Waste Disposal Fund** - The Solid Waste Disposal Fund is used to account for the results of operations for providing solid waste services (trash pickup and household hazardous waste disposal) to citizens of the Township. The revenues are generated through a user charge to citizens requesting solid waste services.

Additionally, the Township reports the following fund types:

**Special Revenue Funds** - Special Revenue Funds are used to account for the proceeds of earmarked revenue or financing activities requiring separate accounting because of legal or regulatory provisions.

**Agency Funds** - The Agency Funds account for assets held by the Township in a trustee capacity. Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

Private sector standards of accounting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The Township has elected not to follow private sector standards issued after November 30, 1989 for its business-type activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Township's water and sewer function and various other functions of the Township. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

# Charter Township of Plymouth

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## Notes to Financial Statements December 31, 2003

### **Note 1 - Summary of Significant Accounting Policies (Continued)**

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relates to charges to customers for sales and services. The Water and Sewer Fund also recognizes the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

#### **Property Tax Revenue**

Property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time they are added to the county tax rolls.

The Township's 2002 tax is levied and collectible on December 1, 2002, and is recognized as revenue in the year ended December 31, 2003, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2002 taxable valuation of the Township totaled approximately \$1,752,000,000 (a portion of which is captured by the DDA and BRDA), on which taxes levied consisted of .8173 mills for operating purposes, .8173 mills for fire services, and 1.6348 mills for police and fire services. This resulted in \$1,372,000 for operating, \$1,372,000 for fire services, and \$2,744,000 for police and fire services. These amounts are recognized in the General Fund financial statements as tax revenue (net of reductions for delinquent amounts and prior year tax tribunal changes).

#### **Assets, Liabilities, and Net Assets or Equity**

**Bank Deposits and Investments** - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

# Charter Township of Plymouth

## Notes to Financial Statements December 31, 2003

### Note 1 - Summary of Significant Accounting Policies (Continued)

**Receivables and Payables** - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." All trade and property tax receivables are shown as net of allowance for uncollectible amounts.

**Inventories and Prepaid Items** - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

**Capital Assets** - Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Capital assets are depreciated using the straight-line method over the following useful lives:

Water and sewer transportation lines	50 years
Buildings and improvements	30 to 40 years
Meters and supplies	15 years
Furnishings, vehicles, and equipment	2 to 15 years

**Compensated Absences (Vacation and Sick Leave)** - It is the Township's policy to permit employees to accumulate earned but unused sick pay benefits. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end.

# Charter Township of Plymouth

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## Notes to Financial Statements December 31, 2003

### **Note 1 - Summary of Significant Accounting Policies (Continued)**

**Long-term Obligations** - In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

**Fund Equity** - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

### **Note 2 - Stewardship, Compliance, and Accountability**

**Fund Deficits** - For the year ended December 31, 2003, the Township has an accumulated fund deficit in the Improvement Revolving Fund due to the timing of incurring capital costs versus recording revenue for special assessments. The Downtown Development Authority also has an accumulated fund deficit, which will be eliminated with the collection of future property tax captures.

# Charter Township of Plymouth

## Notes to Financial Statements December 31, 2003

### Note 2 - Stewardship, Compliance, and Accountability (Continued)

**Construction Code Fees** - The Township oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The Township charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and the cumulative surplus or shortfall generated since January 1, 2000 is as follows:

Cumulative surplus at December 31, 2002	\$ 407,863
Adjustment per communication with the State of Michigan	<u>(145,943)</u>
Cumulative surplus at January 1, 2003	261,920
Current year building permit revenue	750,430
Related expenses:	
Direct costs	608,693
Estimated indirect costs	<u>416,270</u>
Total construction code expenses	<u>1,024,963</u>
Cumulative shortfall at December 31, 2003	<u>\$ (12,613)</u>

### Note 3 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the highest classification, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds and investment pools composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

# Charter Township of Plymouth

## Notes to Financial Statements December 31, 2003

### Note 3 - Deposits and Investments (Continued)

The Township has designated seven banks for the deposit of its funds. The investment policy adopted by the Board in accordance with Public Act 196 of 1997 has authorized investment of funds as listed above. The Charter Township of Plymouth's deposits and investment policies are in accordance with statutory authority.

Deposits and investments are reported on the balance sheet under the heading "cash and investments," as follows:

Governmental activities	\$ 9,079,400
Business-type activities	11,664,848
Fiduciary funds	<u>6,141,719</u>
Total primary government	<u>\$ 26,885,967</u>
Component units	<u>\$ 27,547</u>

The breakdown between deposits and investments for the Township is as follows:

	Primary Government	Component Units
Bank deposits (checking accounts, savings accounts, and certificates of deposit)	\$ 21,320,754	\$ 27,547
Investments in bank investment pools	5,564,827	-
Petty cash or cash on hand	<u>386</u>	<u>-</u>
Total	<u>\$ 26,885,967</u>	<u>\$ 27,547</u>

### Deposits

The bank balance of the Township's deposits is \$22,470,533, of which \$600,000 is covered by federal depository insurance and the remainder was uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits Township funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

The component units' deposits had a bank balance of \$38,236, of which the entire amount was covered by federal depository insurance.

# Charter Township of Plymouth

## Notes to Financial Statements December 31, 2003

### Note 3 - Deposits and Investments (Continued)

#### Investments

The Township's investments during the year consisted solely of bank investment pools. Investments are normally categorized to give an indication of the level of risk assumed by the Township; however, these funds are not categorized because they are not evidenced by securities that exist in physical or book entry form. The Township believes that the investments in these funds comply with the investment authority noted above. The bank investment pools are regulated by the Michigan Banking Act, and the fair value of the position in the pool is the same as the value of the pool shares.

### Note 4 - Deferred Revenue

The Township records deferred revenue for property taxes billed as of December 1 that are to be used in the next year's budget. In addition, governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes billed for next year's budget	\$ -	\$ 5,726,165
Special assessments	1,251,193	-
Grant reimbursement	217,674	-
Other	<u>52,000</u>	<u>-</u>
Total	<u>\$ 1,520,867</u>	<u>\$ 5,726,165</u>

# Charter Township of Plymouth

## Notes to Financial Statements December 31, 2003

### Note 5 - Capital Assets

Capital asset activity of the Township's governmental and business-type activities was as follows:

	Balance January 1, 2003	Additions	Disposals and Adjustments	Balance December 31, 2003
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ 2,509,478	\$ 4,282	\$ -	\$ 2,513,760
Construction in progress	693,466	1,172,566	433,881	1,432,151
Subtotal	3,202,944	1,176,848	433,881	3,945,911
Capital assets being depreciated:				
Buildings and improvements	5,607,348	-	8,900	5,598,448
Furnishings, vehicles, and equipment	6,990,560	890,219	331,924	7,548,855
Subtotal	12,597,908	890,219	340,824	13,147,303
Accumulated depreciation:				
Buildings and improvements	3,281,020	91,826	8,900	3,363,946
Furnishings, vehicles, and equipment	3,746,242	585,259	309,970	4,021,531
Subtotal	7,027,262	677,085	318,870	7,385,477
Net capital assets being depreciated	5,570,646	213,134	21,954	5,761,826
Total capital assets - Net of depreciation	\$ 8,773,590	\$ 1,389,982	\$ 455,835	\$ 9,707,737
<b>Business-type Activities</b>				
Capital assets not being depreciated - Land	\$ 650,000	\$ -	\$ -	\$ 650,000
Capital assets being depreciated:				
Water and sewer transportation lines	46,088,040	640,497	-	46,728,537
Buildings and improvements	1,561,277	-	-	1,561,277
Meters and supplies	1,451,261	42,043	26,126	1,467,178
Equipment and other	705,947	107,937	39,700	774,184
Subtotal	49,806,525	790,477	65,826	50,531,176
Accumulated depreciation:				
Water and sewer transportation lines	14,345,095	931,848	-	15,276,943
Buildings and improvements	481,403	41,878	-	523,281
Meters and supplies	932,607	57,859	26,126	964,340
Equipment and other	568,209	53,870	39,700	582,379
Subtotal	16,327,314	1,085,455	65,826	17,346,943
Net capital assets being depreciated	33,479,211	(294,978)	-	33,184,233
Net capital assets	\$ 34,129,211	\$ (294,978)	\$ -	\$ 33,834,233



# Charter Township of Plymouth

## Notes to Financial Statements December 31, 2003

### Note 5 - Capital Assets (Continued)

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:

General government	\$ 118,074
Public safety:	
Police	188,854
Fire	208,755
Dispatching	54,045
Building inspections	6,302
Planning and zoning	1,472
Public works	13,356
Parks	<u>86,227</u>

Total governmental activities	<u>\$ 677,085</u>
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Business-type activities - Water and Sewer	<u>\$ 1,085,455</u>
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**Construction Commitments** - The Township has an active construction project at year end for the Soccer Park project. At year end, the Township's commitments with contractors are as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Lake Pointe Soccer Park	<u>\$ 1,062,658</u>	<u>\$ 111,115</u>

**Future Commitments** - Pursuant to a positive vote of its residents in 2003, the Township intends to construct a new town hall, fire station, and police station. It is currently expected to cost approximately \$12,000,000. The Township intends to sell bonds in 2004 for approximately \$6,000,000, and finance the remainder through a combination of existing funds (in both the General Fund and Water and Sewer Fund) and sale of the existing property.

The Township has committed \$1,021,750 to fund 33 percent of grade-separation costs as a railroad crossing. The remaining 67 percent is being funded by state and federal grants and the City of Plymouth.

# Charter Township of Plymouth

## Notes to Financial Statements December 31, 2003

### Note 5 - Capital Assets (Continued)

Brownfield redevelopment costs of approximately \$704,000 have been incurred by property owners in the Brownfield district. These costs will be paid for through future property tax collections.

### Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Improvement Revolving Fund	\$ 555,004
	911 Communications Fund	19,320
Water and Sewer Fund	General Fund	67,963
Solid Waste Disposal Fund	General Fund	16,865
Total		<u>\$ 659,152</u>

These balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

#### Interfund Transfers

Fund transferred from:	Fund transferred to:	
General Fund	Improvement Revolving Fund (1)	\$ 250,359
General Fund	Drug Forfeiture Fund (2)	51,123
Total		<u>\$ 301,482</u>

The transfer from the General Fund to the Improvement Revolving Fund represents the annual amount set aside to fund future capital projects (principally fire equipment). The transfer from General Fund to the Drug Forfeiture Fund represents the accumulation of drug forfeitures in excess of permitted expenditures; this transfer has been made in order to establish the Drug Forfeiture Fund as a separate Special Revenue Fund.

# Charter Township of Plymouth

## Notes to Financial Statements December 31, 2003

### Note 7 - Long-term Debt

The Township issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds and installment purchase agreements are direct obligations and pledge the full faith and credit of the Township.

Description	Amount
1993 Building authority bond originally issued for \$765,000, used to construct the fire station, bearing interest from 5.60% to 6.10%, with principal maturity ranges from \$55,000 to \$95,000, maturing in 2007	\$ 365,000
2003 Installment purchase agreement originally issued for \$1,173,773, used for Lake Pointe Soccer Park, bearing interest at 3.60%, with principal maturity ranges from \$39,495 to \$116,119, maturing in 2015	1,134,279
Total governmental activities	1,499,279
Contractual obligation to WTUA to service a portion of its debt related to construction of sewage collection and retention facilities, with an original obligation amount of \$17,448,892, bearing interest from 3.50% to 5.25%, with principal maturity ranges from \$130,682 to \$1,705,482, maturing in 2018	17,181,178
Contractual obligation to WTUA to service a portion of its debt related to construction of sewage collection and retention facilities, with an original obligation amount of \$18,289,494, bearing interest from 3.00% to 5.00%, with principal maturity ranges from \$167,930 to \$1,611,929, maturing in 2022	18,289,494
Total business-type activities	35,470,672
Total	<u>\$ 36,969,951</u>

Long-term obligation activity can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities -</b>					
General obligations	<u>\$ 445,000</u>	<u>\$ 1,173,773</u>	<u>\$ 119,494</u>	<u>\$ 1,499,279</u>	<u>\$ 166,145</u>
<b>Business-type Activities -</b>					
General obligations	<u>\$ 35,635,032</u>	<u>\$ -</u>	<u>\$ 164,360</u>	<u>\$ 35,470,672</u>	<u>\$ 324,012</u>

# Charter Township of Plymouth

## Notes to Financial Statements December 31, 2003

### Note 7 - Long-term Debt (Continued)

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2004	\$ 166,145	\$ 61,439	\$ 227,584	\$ 324,012	\$ 1,812,419	\$ 2,136,431
2005	174,106	53,592	227,698	1,228,737	1,797,860	3,026,597
2006	182,175	45,213	227,388	1,472,412	1,735,585	3,207,997
2007	185,356	36,332	221,688	1,472,412	1,660,585	3,132,997
2008	93,653	27,239	120,892	1,779,912	1,580,170	3,360,082
2009-2013	522,085	82,373	604,458	10,548,660	6,419,869	16,968,529
2014-2018	175,759	5,577	181,336	12,738,311	3,428,797	16,167,108
2019-2022	-	-	-	5,906,216	759,646	6,665,862
Total	<u>\$ 1,499,279</u>	<u>\$ 311,765</u>	<u>\$ 1,811,044</u>	<u>\$ 35,470,672</u>	<u>\$ 19,194,931</u>	<u>\$ 54,665,603</u>

### Note 8 - Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Township participates in the Michigan Municipal League risk pool for claims relating to workers' compensation and employee medical benefit claims, and participates in the Michigan Municipal Risk Management Authority for claims relating to general liability claims.

The Michigan Municipal League risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

The Michigan Municipal Risk Management Authority (the "Authority") risk pool program operates as a claims servicing pool for amounts up to member retention limits, and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the Authority that the Authority uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the Township.

# Charter Township of Plymouth

## Notes to Financial Statements December 31, 2003

### Note 8 - Risk Management (Continued)

The Township estimates the liability for general liability claims that have been incurred through the end of the fiscal year, including claims that have been reported as well as those that have not yet been reported. Changes in the estimated liability for the past two fiscal years were as follows:

	2003	2002
Unpaid claims - Beginning of year	\$ 23,723	\$ 183,964
Incurred claims (including claims incurred but not reported)	-	63,802
Claim payments	(18,723)	(224,043)
Unpaid claims - End of year	<u>\$ 5,000</u>	<u>\$ 23,723</u>

### Note 9 - Defined Contribution Pension Plan

The Township provides pension benefits to substantially all of its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment (or other date). As established by Township Board resolution, the Township contributes up to 15 percent of employees' gross earnings and certain employees contribute 5 percent of earnings, with an additional 5 percent allowed.

The Township's total payroll during the current year was \$6,967,727. The current year contribution was calculated based on covered payroll of \$5,497,434, resulting in an employer contribution of \$862,245 (including the amounts paid directly by the City of Plymouth) and employee contributions of \$169,130.

### Note 10 - Other Postemployment Benefits

The Township has elected to provide postemployment health benefits to certain retirees and their beneficiaries. The government pays a significant portion of the full cost of coverage for these benefits. Also, retirees can purchase coverage for their dependents at the Township's group rates. Currently, 18 retirees are eligible for postemployment health benefits. For the fiscal year ended December 31, 2003, the Township made payments for postemployment health benefit premiums of \$120,035. The government obtains health care coverage through private insurers.

# Charter Township of Plymouth

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## Notes to Financial Statements December 31, 2003

### Note 11 - Accounting and Reporting Change

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments*. The Charter Township of Plymouth has applied the provisions of this statement in the accompanying financial statements (including the notes to the financial statements). The Township has elected to implement both the general provisions of the statement and the retroactive reporting of the infrastructure in the current year. Certain significant changes in the statement include the following:

- A management's discussion and analysis (MD&A) section providing an analysis of the Township's overall financial position and results of operations
- Financial statements prepared using full accrual accounting for all of the Township's activities
- A change in the fund financial statements to focus on the major funds
- Capital assets at January 1, 2003 previously reported in the General Fixed Assets Account Group have been adjusted to reflect the historical cost of the Township's capital assets at the date.
- The governmental activities column includes bonds and other long-term obligations previously reported in the General Long-term Debt Account Group.

# Charter Township of Plymouth

## Notes to Financial Statements December 31, 2003

### Note 11 - Accounting and Reporting Change (Continued)

	Governmental Activities	Business-type Activities
Equity at December 31, 2002, as previously reported	\$ 5,002,904	\$ 52,058,720
Effect of recognizing state-shared revenue received within 60 days of year end	430,196	-
Effect of restating employee compensated absences with implementation of GASB Interpretation 6	533,956	-
Correction of investment in WTUA	-	(3,149,824)
Governmental fund balances, as restated	5,967,056	-
Effect of recording full accrual information on the government-wide statements:		
Capital assets	9,597,590	-
Long-term debt	(449,410)	-
Self-insurance	(23,723)	-
Compensated absences	(1,168,964)	-
Deferred revenue	2,257,767	-
<b>Net Assets</b> - January 1, 2003	<u>\$ 16,180,316</u>	<u>\$ 48,908,896</u>

## **Required Supplemental Information**

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# Charter Township of Plymouth

## Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended December 31, 2003

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 5,560,000	\$ 5,560,000	\$ 5,499,329	\$ (60,671)
State-shared revenue	2,530,750	2,330,750	2,169,801	(160,949)
Licenses and permits	891,000	926,000	882,336	(43,664)
Fines and forfeitures	300,000	290,000	283,667	(6,333)
City of Plymouth fire contribution	907,019	911,182	881,251	(29,931)
City of Plymouth dispatch contribution	216,267	211,441	222,459	11,018
Charges for services	60,000	80,000	74,050	(5,950)
Interest and rents	875,000	850,000	682,376	(167,624)
Federal grants	499,050	544,050	218,080	(325,970)
Miscellaneous	360,000	567,000	617,922	50,922
Intergovernmental service charge	540,000	520,000	448,330	(71,670)
Total revenue	12,739,086	12,790,423	11,979,601	(810,822)
Contribution from fund balance	145,608	216,302	145,158	(71,144)
Total sources of funds	<u>\$ 12,884,694</u>	<u>\$ 13,006,725</u>	<u>\$ 12,124,759</u>	<u>\$ (881,966)</u>
<b>Expenditures</b>				
General government	\$ 3,305,933	\$ 3,319,800	\$ 2,778,001	\$ 541,799
Public safety	7,745,526	7,723,135	7,500,889	222,246
Building	677,582	659,866	608,692	51,174
Community development	349,055	439,055	419,414	19,641
Park	309,887	310,801	246,550	64,251
Grants	146,000	146,000	163,558	(17,558)
Debt service	100,352	106,173	106,173	-
Capital improvement	250,359	301,895	301,482	413
Total expenditures	<u>\$ 12,884,694</u>	<u>\$ 13,006,725</u>	<u>\$ 12,124,759</u>	<u>\$ 881,966</u>

# Charter Township of Plymouth

## Required Supplemental Information Budgetary Comparison Schedule Major Special Revenue Funds - Improvement Revolving Fund Year Ended December 31, 2003

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Special assessments	\$ 361,414	\$ 905,260	\$ 775,714	\$ (129,546)
Interest and rents	125,000	145,000	164,984	19,984
Bond proceeds	4,300,000	1,174,000	1,173,773	(227)
Transfer from other funds	250,359	250,359	250,359	-
Total revenue	5,036,773	2,474,619	2,364,830	(109,789)
<b>Expenditures</b>				
Capital outlay - Special assessment projects	4,219,638	1,785,638	1,823,003	(37,365)
Debt payment	175,000	61,000	60,446	554
Transfer to other funds	950,000	-	-	-
Total expenditures	5,344,638	1,846,638	1,883,449	(36,811)
<b>Fund Balance (Deficit)</b>				
Beginning of year	649,608	(552,231)	(552,231)	-
End of year	<u>\$ 341,743</u>	<u>\$ 75,750</u>	<u>\$ (70,850)</u>	<u>\$ (146,600)</u>

# Charter Township of Plymouth

## Note to Required Supplemental Information December 31, 2003

### Note - Budgetary Information

The Township adopts a formal budget for the General Fund and all Special Revenue Funds. By August 1 of each year, all department heads submit spending requests to the Township supervisor so that a budget may be prepared. Before September 1, the proposed budget is submitted to the Township Board for review. Public hearings are held, and a final budget is adopted no later than November 1. The Township Board must approve any budget amendments.

Appropriations are adopted by the Township Board on an activity basis, as reported on pages 41 and 42 of these financial statements. Michigan law requires expenditures to be within budget at this level. During the year, the Charter Township of Plymouth incurred expenditures that were in excess of the amounts budgeted, as follows:

	Amended Budget	Actual	Variance
General Fund - Grants expenditures	\$ 146,000	\$ 163,558	\$ (17,558)
Improvement Revolving Fund - Capital outlay	1,785,638	1,823,003	(37,365)

The unfavorable expenditure variances were caused by unanticipated expenditures that became necessary during the year.

During the current year, the budget was amended in a legally permissible manner. However, the General Fund had expenditures budgeted over revenue. Encumbrances represent commitments related to unperformed contracts (or purchase orders) for goods or services. The amount of encumbrances outstanding at December 31, 2003 has not been calculated. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures.

## **Other Supplemental Information**

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# Charter Township of Plymouth

## Other Supplemental Information Combining Balance Sheet Nonmajor Governmental Funds December 31, 2003

	Special Revenue Funds		
	911 Communications	Drug Forfeiture	Total Nonmajor Governmental Funds
<b>Assets</b>			
Cash and investments	\$ -	\$ 51,123	\$ 51,123
Receivables - Net	31,320	-	31,320
Total assets	<u>\$ 31,320</u>	<u>\$ 51,123</u>	<u>\$ 82,443</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Due to other funds	\$ 19,320	\$ -	\$ 19,320
Deferred revenue	12,000	-	12,000
Total liabilities	31,320	-	31,320
<b>Fund Balances - Unreserved</b>	-	51,123	51,123
Total liabilities and fund balances	<u>\$ 31,320</u>	<u>\$ 51,123</u>	<u>\$ 82,443</u>

# Charter Township of Plymouth

## Other Supplemental Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds Year Ended December 31, 2003

	Special Revenue Funds		
	911 Communications	Drug Forfeiture	Total Nonmajor Governmental Funds
<b>Revenue - Other</b>	\$ 126,193	\$ -	\$ 126,193
<b>Expenditures - Public safety</b>	<u>126,193</u>	<u>-</u>	<u>126,193</u>
<b>Excess of Revenue Over Expenditures</b>	-	-	-
<b>Other Financing Sources - Transfers in</b>	<u>-</u>	<u>51,123</u>	<u>51,123</u>
<b>Net Change in Fund Balances</b>	-	51,123	51,123
<b>Fund Balances - Beginning of year</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances - End of year</b>	<u><u>\$ -</u></u>	<u><u>\$ 51,123</u></u>	<u><u>\$ 51,123</u></u>

# Charter Township of Plymouth

## Other Supplemental Information Budgetary Comparison Schedule Drug Forfeiture Fund Year Ended December 31, 2003

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b> - Transfer from other funds	\$ 51,526	\$ 51,526	\$ 51,123	\$ (403)
<b>Fund Balance</b>				
Beginning of year	-	-	-	-
End of year	<u>\$ 51,526</u>	<u>\$ 51,526</u>	<u>\$ 51,123</u>	<u>\$ (403)</u>

# Charter Township of Plymouth

## Other Supplemental Information Combining Statement of Assets and Liabilities Fiduciary Funds December 31, 2003

	General Agency	Tax Collections	Totals
<b>Assets - Cash and cash equivalents</b>	<b><u>\$ 721,417</u></b>	<b><u>\$ 5,420,302</u></b>	<b><u>\$ 6,141,719</u></b>
<b>Liabilities</b>			
Accrued and other liabilities	\$ 35,541	\$ -	\$ 35,541
Due to other governmental units	462	5,420,302	5,420,764
Deposits for developers and refundables	355,789	-	355,789
Deposits for building bonds	<u>329,625</u>	<u>-</u>	<u>329,625</u>
Total liabilities	<b><u>\$ 721,417</u></b>	<b><u>\$ 5,420,302</u></b>	<b><u>\$ 6,141,719</u></b>



# Charter Township of Plymouth

## Other Supplemental Information Combining Statement of Changes in Assets and Liabilities Fiduciary Funds December 31, 2003

	Balance January 1, 2003	Additions	Deletions	Balance December 31, 2003
<b><u>Agency Funds</u></b>				
<b>Assets - Cash and cash equivalents</b>	<b><u>\$ 892,020</u></b>	<b><u>\$ 782,397</u></b>	<b><u>\$ 953,000</u></b>	<b><u>\$ 721,417</u></b>
<b>Liabilities</b>				
Accrued and other liabilities	\$ 35,541	\$ 47,445	\$ 47,445	\$ 35,541
Due to other governmental units	-	8,205	7,743	462
Deposits for developers and refundables	329,980	503,433	477,624	355,789
Deposits for building bonds	526,499	228,583	425,457	329,625
Total liabilities	<b><u>\$ 892,020</u></b>	<b><u>\$ 787,666</u></b>	<b><u>\$ 958,269</u></b>	<b><u>\$ 721,417</u></b>
<b><u>Tax Collection Fund</u></b>				
<b>Assets - Cash and cash equivalents</b>	<b><u>\$ 2,920,618</u></b>	<b><u>\$ 63,530,343</u></b>	<b><u>\$ 61,030,659</u></b>	<b><u>\$ 5,420,302</u></b>
<b>Liabilities - Due to other governmental units</b>	<b><u>\$ 2,920,618</u></b>	<b><u>\$ 63,608,626</u></b>	<b><u>\$ 61,108,942</u></b>	<b><u>\$ 5,420,302</u></b>
<b><u>Total - All Agency Funds</u></b>				
<b>Assets - Cash and cash equivalents</b>	<b><u>\$ 3,812,638</u></b>	<b><u>\$ 64,312,740</u></b>	<b><u>\$ 61,983,659</u></b>	<b><u>\$ 6,141,719</u></b>
<b>Liabilities</b>				
Accrued and other liabilities	\$ 35,541	\$ 47,445	\$ 47,445	\$ 35,541
Due to other governmental units	2,920,618	63,616,831	61,116,685	5,420,764
Deposits for developers and refundables	329,980	503,433	477,624	355,789
Deposits for building bonds	526,499	228,583	425,457	329,625
Total liabilities	<b><u>\$ 3,812,638</u></b>	<b><u>\$ 64,396,292</u></b>	<b><u>\$ 62,067,211</u></b>	<b><u>\$ 6,141,719</u></b>

## **Statistical Section**

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# Charter Township of Plymouth

	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>
<b><u>Expenditures</u></b>				
<b>General Government</b>				
Supervisor	\$ 202,955	\$ 185,385	\$ 198,324	\$ 210,050
Information services	251,645	314,215	311,271	369,323
Assessor	159,177	179,006	197,341	172,197
Clerk	238,851	201,267	305,184	214,518
Treasurer	206,396	195,548	204,208	190,065
Township hall and grounds	113,081	158,081	160,583	171,466
General operating	299,145	232,401	231,012	249,871
Boards, commissions, and other	427,014	563,300	491,111	442,745
Total general government	1,898,264	2,029,203	2,099,034	2,020,235
<b>Public Safety</b>				
Law enforcement	1,838,717	2,057,332	2,271,199	2,494,468
Communications center	280,313	437,921	316,241	267,606
Fire department	1,587,318	1,893,266	2,037,625	2,061,595
Total public safety	3,706,348	4,388,519	4,625,065	4,823,669
<b>Building</b>	458,659	523,670	483,180	596,881
<b>Public Services</b>	173,660	188,770	247,491	279,012
<b>Recreation and Cultural - Parks</b>	130,200	340,457	396,290	542,481
<b>Health and Welfare</b>	106,798	260,912	196,558	81,372
<b>Debt Service</b>	70,018	93,740	97,030	94,930
Total expenditures	6,543,947	7,825,271	8,144,648	8,438,580
<b>Other Financing Uses - Operating transfers out</b>				
Drug Forfeiture Fund	-	-	-	-
Improvement Revolving Fund	20,000	594,177	335,598	281,677
Total other financing uses	20,000	594,177	335,598	281,677
Total expenditures and other financing uses	<u>\$ 6,563,947</u>	<u>\$ 8,419,448</u>	<u>\$ 8,480,246</u>	<u>\$ 8,720,257</u>

**General Governmental Expenditures by Function  
Last Ten Fiscal Years**

<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
\$ 241,450	\$ 242,955	\$ 255,617	\$ 397,668	\$ 358,832	\$ 359,823
395,348	479,207	429,210	271,836	296,428	268,728
204,546	214,234	207,640	229,122	241,584	314,793
322,481	409,176	554,604	494,014	542,340	491,306
214,954	237,744	239,089	321,824	294,456	286,364
148,564	184,536	164,495	154,362	140,344	132,451
208,243	418,566	327,963	651,519	330,403	341,553
421,693	467,957	608,147	627,481	690,354	582,983
<u>2,157,279</u>	<u>2,654,375</u>	<u>2,786,765</u>	<u>3,147,826</u>	<u>2,894,741</u>	<u>2,778,001</u>
2,671,929	2,957,403	3,444,336	3,214,704	3,464,033	3,406,567
271,073	384,912	519,581	615,938	742,974	819,675
<u>2,248,318</u>	<u>2,407,042</u>	<u>2,706,365</u>	<u>3,174,994</u>	<u>3,190,509</u>	<u>3,274,647</u>
5,191,320	5,749,357	6,670,282	7,005,636	7,397,516	7,500,889
687,289	732,027	802,119	694,171	672,674	608,692
318,073	387,270	376,504	431,915	385,107	419,414
263,125	360,988	431,110	638,296	234,912	246,550
37,329	96,970	130,785	143,076	96,774	163,558
<u>97,680</u>	<u>100,123</u>	<u>102,243</u>	<u>103,993</u>	<u>100,352</u>	<u>106,173</u>
8,752,095	10,081,110	11,299,808	12,164,913	11,782,076	11,823,277
-	-	-	-	-	51,123
<u>750,647</u>	<u>562,301</u>	<u>527,044</u>	<u>127,852</u>	<u>267,528</u>	<u>250,359</u>
750,647	562,301	527,044	127,852	267,528	301,482
<u><b>\$ 9,502,742</b></u>	<u><b>\$ 10,643,411</b></u>	<u><b>\$ 11,826,852</b></u>	<u><b>\$ 12,292,765</b></u>	<u><b>\$ 12,049,604</b></u>	<u><b>\$ 12,124,759</b></u>

# Charter Township of Plymouth

	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>
<b><u>Revenues</u></b>				
<b>Property Taxes</b>	\$ 2,903,837	\$ 3,013,589	\$ 3,234,306	\$ 3,418,163
<b>Licenses, Permits, and Fees</b>				
Cable television franchise fees	69,905	67,884	119,788	138,161
Building licenses and permits	1,068,815	1,028,683	1,407,324	1,351,602
911 service fees	-	90,490	91,484	-
Total licenses, permits, and fees	1,138,720	1,187,057	1,618,596	1,489,763
<b>Grants</b>	106,798	260,912	196,558	81,372
<b>State-shared Revenue</b>	1,617,677	1,704,627	1,933,268	1,874,208
<b>Charges for Services - Planning Commission/     Board of Appeals</b>	57,307	83,473	75,498	77,983
<b>Fines and Forfeits - District Courts</b>	384,836	256,279	262,012	108,053
<b>Interest and Rent</b>				
Interest on investments	201,853	271,149	316,118	573,845
Golf course lease	268,617	245,493	250,000	276,003
Total interest and rent	470,470	516,642	566,118	849,848
<b>Other</b>				
Intergovernmental reimbursements	314,471	315,782	369,570	355,398
Contribution from City of Plymouth	-	391,769	616,506	636,822
Miscellaneous	289,124	221,549	745,381	323,870
Total other	603,595	929,100	1,731,457	1,316,090
<b>Total revenue</b>	<b><u>\$ 7,283,240</u></b>	<b><u>\$ 7,951,679</u></b>	<b><u>\$ 9,617,813</u></b>	<b><u>\$ 9,215,480</u></b>

**General Governmental Revenues by Function  
Last Ten Fiscal Years**

<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
\$ 3,778,814	\$ 4,117,846	\$ 4,408,297	\$ 4,699,081	\$ 5,204,451	\$ 5,624,458
160,406	199,879	308,936	304,830	280,950	283,667
1,676,951	1,712,318	1,472,753	1,229,773	869,878	750,430
-	-	-	-	-	-
1,837,357	1,912,197	1,781,689	1,534,603	1,150,828	1,034,097
48,445	260,261	166,095	362,798	247,638	113,770
2,020,149	2,196,699	2,281,115	2,569,570	2,412,189	2,169,801
93,055	43,857	56,585	60,873	87,474	131,906
-	160,080	621,984	408,462	278,632	188,209
611,752	619,169	804,082	622,886	234,898	144,167
300,000	325,000	347,917	352,083	350,000	350,000
911,752	944,169	1,151,999	974,969	584,898	494,167
404,728	462,994	462,583	477,838	488,842	448,330
693,610	606,835	877,200	936,837	1,314,574	1,103,710
259,078	509,989	311,549	624,717	626,874	671,153
1,357,416	1,579,818	1,651,332	2,039,392	2,430,290	2,223,193
<b><u>\$ 10,046,988</u></b>	<b><u>\$ 11,214,927</u></b>	<b><u>\$ 12,119,096</u></b>	<b><u>\$ 12,649,748</u></b>	<b><u>\$ 12,396,400</u></b>	<b><u>\$ 11,979,601</u></b>

# Charter Township of Plymouth

## General Fund Balance Compared to Annual Expenditures December 31, 2003 (Unaudited)

<u>Fiscal Year</u>	<u>Reserved Fund Balance</u>	<u>Unreserved Fund Balance</u>	<u>Annual Expenditures</u>	<u>Unreserved Fund Balance as a Percentage of Expenditures</u>
1994	\$ -	\$ 2,263,690	\$ 6,563,947	34.49
1995	-	1,795,921	8,419,448	21.33
1996	-	2,933,489	8,480,246	34.59
1997	-	3,443,350	8,720,257	39.49
1998	-	3,987,596	9,502,742	41.96
1999	-	4,559,112	10,643,411	42.84
2000	1,448,889	3,402,467	11,826,852	28.77
2001	540,776	4,667,563	12,292,765	37.97
2002	407,863	5,147,272	12,049,604	42.72
2002 restated *	407,863	6,111,424	12,049,604	50.72
2003	-	6,374,129	12,124,759	52.57

\* Refer to discussion of accounting change in Note 11.

# Charter Township of Plymouth

## Township Tax Collection History December 31, 2003 (Unaudited)

Fiscal Year	Township Taxes Levied	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Percentage of Total Tax Collections to Total Tax Levy
1994	\$ 3,361,539	\$ 3,239,048	96.36	\$ 111,123	\$ 3,350,171	99.66
1995	3,447,292	3,298,887	95.70	121,466	3,420,353	99.22
1996	3,687,771	3,573,698	96.91	99,991	3,673,689	99.62
1997	4,006,651	3,878,895	96.81	104,734	3,983,629	99.43
1998	4,384,096	4,254,233	97.04	118,114	4,372,347	99.73
1999	4,670,844	4,516,722	96.70	122,426	4,639,148	99.32
2000	4,749,783	4,590,472	96.65	126,165	4,716,637	99.30
2001	5,226,089	5,064,629	96.91	119,524	5,184,153	99.20
2002	5,551,282	5,446,561	98.11	67,663	5,514,224	99.33
2003	5,769,041	5,669,666	98.28	-	5,669,666	98.28

Note: Tax levies not adjusted for subsequent tax adjustments or tax tribunals.

Township levy includes water debt millage through 1999.



# Charter Township of Plymouth

## Taxable Value and Assessed Value of Township Property December 31, 2003 (Unaudited)

Fiscal Year	Real Property Taxable Value	Personal Property Taxable Value	Tax Abated Taxable Value	Total Taxable Value	State Equalized Value	Estimated Actual Value of Property
1994	\$ 782,348,857	\$ 100,646,810	\$ 43,754,050	\$ 926,749,717	\$ 882,995,667	\$ 1,765,991,334
1995	826,815,296	108,906,570	41,978,750	977,700,616	834,220,106	1,668,440,212
1996	865,864,595	133,992,181	53,933,940	1,053,790,716	1,020,678,177	2,041,356,354
1997	941,804,484	147,463,080	74,405,480	1,163,673,044	1,124,193,975	2,248,387,950
1998	1,018,297,277	180,880,910	76,958,854	1,276,137,041	1,257,602,580	2,515,205,160
1999	1,097,509,525	206,519,070	89,868,940	1,393,897,535	1,472,452,505	2,944,905,010
2000	1,207,114,195	222,725,600	109,017,830	1,538,857,625	1,658,966,650	3,317,933,300
2001	1,326,999,080	217,798,910	97,142,304	1,641,940,294	1,862,611,820	3,725,223,640
2002	1,428,707,130	214,833,838	108,930,260	1,752,471,228	2,002,201,818	4,004,403,636
2003	1,501,206,576	218,590,040	89,628,270	1,809,424,886	2,122,362,096	4,244,724,192

# Charter Township of Plymouth

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	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
<b>Schools</b>						
State Education Tax	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000
Plymouth-Canton Schools	2.3000	2.0800	2.1800	2.1800	2.1800	3.4700
Schoolcraft Community College	1.8800	1.8600	1.8600	1.8600	1.8600	1.8500
RESA/Special Education	2.0000	2.0000	2.0000	2.0000	2.0000	2.0000
<b>Other</b>						
Wayne County	6.7300	6.7300	6.7300	6.7300	6.7300	6.7068
Plymouth Township	3.7200	3.6000	3.5900	3.5600	3.5600	3.4600
Wayne County Jail	0.9600	0.9600	0.9600	0.9600	0.9600	0.9505
Wayne County Parks	-	-	0.2500	0.2500	0.2500	0.2493
Huron Clinton Metro Parks	0.2300	0.2300	0.2300	0.2300	0.2300	0.2218
Plymouth District Library	<u>1.0000</u>	<u>1.0000</u>	<u>1.9400</u>	<u>1.9300</u>	<u>1.9300</u>	<u>1.6650</u>
 Total millage for year	 <u><b>24.8200</b></u>	 <u><b>24.4600</b></u>	 <u><b>25.7400</b></u>	 <u><b>25.7000</b></u>	 <u><b>25.7000</b></u>	 <u><b>26.5734</b></u>

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**Tax Rate History of Direct and Overlapping Governments**  
**December 31, 2003**  
**(Unaudited)**

<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
6.0000	6.0000	6.0000	5.0000
3.1500	3.4900	3.3000	3.3000
1.9789	1.8193	1.8043	1.8043
1.8311	1.9753	3.4643	3.4643
6.6651	6.6556	6.6380	6.6380
3.2000	3.2800	3.2694	3.2694
0.9446	0.9432	0.9381	0.9381
0.2477	0.2473	0.2459	0.2459
0.2202	0.2186	0.2170	0.2170
<u>1.8297</u>	<u>1.7962</u>	<u>1.7875</u>	<u>1.7875</u>
<b><u>26.0673</u></b>	<b><u>26.4255</u></b>	<b><u>27.6645</u></b>	<b><u>26.6645</u></b>

# Charter Township of Plymouth

## Property Taxes Levied December 31, 2003 (Unaudited)

Fiscal Year	Township Taxes	County Taxes	School Tax	State Education	Community College	Library	Total
1994	\$ 3,361,539	\$ 8,966,490	\$ 8,629,600	\$ 5,508,304	\$ 1,698,341	\$ 898,393	\$ 29,062,667
1995	3,447,292	9,499,794	8,774,534	5,624,708	1,781,651	957,583	30,085,562
1996	3,687,771	10,430,135	9,563,740	6,095,499	1,903,208	1,986,124	33,666,477
1997	4,006,651	11,438,398	10,803,124	6,773,971	2,087,428	2,166,765	37,276,337
1998	4,384,096	12,573,905	12,094,758	7,474,923	2,294,504	2,328,967	41,151,153
1999	4,670,844	13,659,201	15,068,554	8,187,950	2,486,345	2,247,768	46,320,662
2000	4,749,783	14,927,007	16,139,558	9,078,011	2,717,935	2,715,851	50,328,145
2001	5,226,089	15,997,083	17,208,600	9,713,986	2,898,755	2,861,954	53,906,467
2002	5,551,282	19,532,298	17,567,396	10,400,627	3,063,658	3,035,124	59,150,385
2003	5,769,041	20,296,906	17,785,517	8,999,938	3,180,479	3,147,656	59,179,537

## Charter Township of Plymouth

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Taxpayer	Real Taxable Valuation	Personal Property Taxable Valuation	Tax Abated Taxable Valuation	Total Taxable Valuation
Visteon Corporation	\$ 10,752,340	\$ 28,752,460	\$ -	\$ 39,504,800
Johnson Control	21,952,430	8,410,390	-	30,362,820
Tower Automotive	681,670	4,864,410	25,201,030	30,747,110
Demattia/AEW Realty Co. L.L.C.	17,432,140	374,570	-	17,806,710
EFG Loan Funding	-	14,329,240	-	14,329,240
Dembs Roth Group	12,750,571	-	-	12,750,571
Detroit Edison	340,510	10,982,810	-	11,323,320
AFL-CIO	8,979,190	-	-	8,979,190
Compuware Sports Arena	8,536,910	404,940	-	8,941,850
Unisys	4,817,810	3,582,160	-	8,399,970
Total	<u>\$ 86,243,571</u>	<u>\$ 71,700,980</u>	<u>\$ 25,201,030</u>	<u>\$ 183,145,581</u>

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**Principal Taxpayers  
December 31, 2003  
(Unaudited)**

<u>Total Taxes Billed</u>	<u>Percentage of Total Taxes Billed</u>
\$ 1,758,279	2.97
1,351,401	2.28
872,952	1.48
792,539	1.34
637,766	1.08
575,628	0.97
506,569	0.86
399,646	0.68
397,984	0.67
373,910	0.63
<u><b>\$ 7,666,674</b></u>	<u><b>12.96</b></u>

# Charter Township of Plymouth

## Special Assessments and Collections for the Past Ten Fiscal Years December 31, 2003 (Unaudited)

<u>Fiscal Year</u>	<u>Liens Assessed, Interest Charges, and Adjustments</u>	<u>Collections</u>	<u>Unpaid Balances</u>
1994	\$ 19,129	\$ 76,405	\$ 130,779
1995	15,905	38,011	108,673
1996	1,675,820	238,377	1,546,116
1997	1,362,945	409,530	2,499,531
1998	(290,070)	402,716	1,806,745
1999	78,624	481,206	1,404,163
2000	1,673,461	456,039	2,621,585
2001	413,622	376,930	2,658,277
2002	1,117,631	1,556,726	2,219,182
2003	67,748	864,137	1,422,793

# Charter Township of Plymouth

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## Computation of Legal Debt Margin December 31, 2003 (Unaudited)

Debt limit - 2003 equalized value	<u>\$ 2,122,362,096</u>
Debt limit (10 percent of equalized valuation)	\$ 212,236,209
Total debt applicable to debt limit	<u>36,969,951</u>
Legal debt margin	<u>\$ 175,266,258</u>



# Charter Township of Plymouth

## Ratio of Annual Debt Service Expenditures for General Obligated Debt December 31, 2003 (Unaudited)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Annual Expenditures</u>	<u>Ratio of Debt Service to General Expenditures (Percent)</u>
1994	\$ 40,000	\$ 50,105	\$ 90,105	\$ 6,563,947	1.37
1995	45,000	48,740	93,740	8,419,448	1.11
1996	50,000	47,030	97,030	8,480,246	1.14
1997	50,000	44,930	94,930	8,720,257	1.09
1998	55,000	42,680	97,680	9,502,742	1.03
1999	60,000	40,123	100,123	10,643,411	0.94
2000	65,000	37,243	102,243	11,826,852	0.86
2001	70,000	33,993	103,993	12,292,765	0.85
2002	70,000	30,352	100,352	12,049,604	0.83
2003	80,000	26,173	106,173	12,125,725	0.88

# Charter Township of Plymouth

## Ratio of Net General Obligated Debt to Assessed Value and Net General Obligation Debt Per Capita December 31, 2003 (Unaudited)

<u>Fiscal Year</u>	<u>Assessed Value</u>	<u>Estimated Population</u>	<u>General Bonded Debt Outstanding (1)</u>	<u>Percent of General Bonded Debt to Assessed Value</u>	<u>Ratio of Debt Service General Bonded Debt Per Capita</u>
1994	\$ 882,995,667	24,627	\$ 910,000	0.10	36.95
1995	834,220,106	25,221	865,000	0.10	34.30
1996	1,020,678,177	25,645	815,000	0.08	31.78
1997	1,124,193,975	25,493	765,000	0.07	30.01
1998	1,257,602,580	26,163	710,000	0.06	27.14
1999	1,472,452,505	27,087	650,000	0.04	24.00
2000	1,658,966,650	27,798	585,000	0.04	21.04
2001	1,862,611,820	28,443	515,000	0.03	18.11
2002	2,002,201,818	28,585	445,000	0.02	15.57
2003	2,122,362,096	28,783	365,000	0.02	12.68

(1) General obligation bonds reported in the Enterprise Fund with government commitment have been excluded.

# Charter Township of Plymouth

## Computation of Direct and Overlapping Debt December 31, 2003 (Unaudited)

<u>Governmental Unit</u>	<u>Bonds Outstanding</u>	<u>Percentage</u>	<u>Total</u>
Plymouth Township	\$ 365,000	100.00	\$ 365,000
Plymouth Township	1,134,279	100.00	1,134,279
Western Townships Utilities Authority	35,470,672	100.00	<u>35,470,672</u>
Total direct debt			36,969,951
Wayne County	110,881,978	3.98	4,413,103
35th District Court	962,500	100.00	962,500
Plymouth-Canton Schools	156,339,000	35.08	54,843,721
Plymouth District Library	5,985,000	80.55	<u>4,820,918</u>
Total direct and overlapping debt			<u><u>\$ 102,010,193</u></u>

# Charter Township of Plymouth

## Demographic Statistics December 31, 2003 (Unaudited)

Fiscal Year	Population (A)	Per Capita Income	Median Age	Education in Years of Formal Schooling	School Enrollment Plymouth Canton Schools	Unemployment Rate (C)
1994	24,627	(B)	(B)	(B)	14,956	1.80%
1995	25,221	(B)	(B)	(B)	15,352	1.70%
1996	25,645	(B)	(B)	(B)	15,720	1.40%
1997	25,493	(B)	(B)	(B)	15,746	1.30%
1998	26,163	(B)	(B)	(B)	16,033	1.20%
1999	27,087	(B)	(B)	(B)	16,276	1.20%
2000	27,798	(B)	(B)	(B)	16,333	1.80%
2001	28,443	(B)	(B)	(B)	16,581	2.20%
2002	28,585	(B)	(B)	(B)	16,996	2.50%
2003	28,783	(B)	(B)	(B)	17,810	2.70%

(A) Estimated population per Southeast Michigan Council of Governments

(B) Not available

(C) Michigan Employment Security Commission

# Charter Township of Plymouth

## **Building Permits, Value of Construction, Bank Deposits, and Assessed Value December 31, 2003 (Unaudited)**

<u>Fiscal Year</u>	<u>Building Permits</u>	<u>Construction Value</u>	<u>Community Bank Deposits</u>	<u>Assessed Value</u>
1994	673	\$ 57,390,256	Not available	\$ 882,995,667
1995	535	59,219,437	Not available	834,220,106
1996	615	122,335,808	Not available	1,020,678,177
1997	617	88,441,460	Not available	1,124,193,975
1998	691	105,193,901	Not available	1,257,602,580
1999	664	103,259,396	Not available	1,472,452,505
2000	762	83,429,730	Not available	1,658,966,650
2001	517	77,538,222	Not available	1,862,611,820
2002	354	47,086,207	Not available	2,002,201,818
2003	326	45,798,680	Not available	2,122,362,096

# Charter Township of Plymouth

	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
Plymouth Twp. fire runs	515	588	590	677	691	718	579
City of Plymouth fire runs	<u>-</u>	<u>277</u>	<u>205</u>	<u>263</u>	<u>234</u>	<u>221</u>	<u>202</u>
Total community fire runs	515	865	795	940	925	939	781
Plymouth Twp. rescue runs	1,064	1,182	1,259	1,231	1,268	1,558	1,679
City of Plymouth rescue runs	<u>-</u>	<u>517</u>	<u>589</u>	<u>670</u>	<u>695</u>	<u>601</u>	<u>700</u>
Total community rescue runs	<u>1,064</u>	<u>1,699</u>	<u>1,848</u>	<u>1,901</u>	<u>1,963</u>	<u>2,159</u>	<u>2,379</u>
Total community fire department runs	<u><b>1,579</b></u>	<u><b>2,564</b></u>	<u><b>2,643</b></u>	<u><b>2,841</b></u>	<u><b>2,888</b></u>	<u><b>3,098</b></u>	<u><b>3,160</b></u>
Plymouth Twp. runs	1,579	1,770	1,849	1,908	1,959	2,276	2,258
City of Plymouth runs	<u>-</u>	<u>794</u>	<u>794</u>	<u>933</u>	<u>929</u>	<u>822</u>	<u>902</u>
Plymouth Twp. runs	100.00	69.03	69.96	67.16	67.83	73.47	71.46
City of Plymouth runs	<u>-</u>	<u>30.97</u>	<u>30.04</u>	<u>32.84</u>	<u>32.17</u>	<u>26.53</u>	<u>28.54</u>
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Staffing:							
Officers	3	6	6	6	6	6	6
Firefighters	<u>12</u>	<u>14</u>	<u>15</u>	<u>15</u>	<u>15</u>	<u>16</u>	<u>17</u>
Total	<u><b>15</b></u>	<u><b>20</b></u>	<u><b>21</b></u>	<u><b>21</b></u>	<u><b>21</b></u>	<u><b>22</b></u>	<u><b>23</b></u>

Source - Plymouth Community Fire Department Annual Reports

Note: City of Plymouth Fire Department merged with Charter Township of Plymouth's Fire Department in 1995.

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**Community Fire Department Runs and Firefighter Staffing  
December 31, 2003  
(Unaudited)**

<u>2001</u>	<u>2002</u>	<u>2003</u>
614	666	649
<u>224</u>	<u>232</u>	<u>205</u>
838	898	854
1,691	1,698	1,620
<u>687</u>	<u>738</u>	<u>769</u>
<u>2,378</u>	<u>2,436</u>	<u>2,389</u>
<b><u>3,216</u></b>	<b><u>3,334</u></b>	<b><u>3,243</u></b>
2,305	2,364	2,269
911	970	974
71.67	70.91	69.97
<u>28.33</u>	<u>29.09</u>	<u>30.03</u>
100.00	100.00	100.00
6	6	6
<u>20</u>	<u>21</u>	<u>21</u>
<b><u>26</u></b>	<b><u>27</u></b>	<b><u>27</u></b>

# Charter Township of Plymouth

## Net Revenues Available for Water Debt Service December 31, 2003 (Unaudited)

Fiscal Year	Gross Revenue	Operating Expenses	Net Revenues Available for Debt Service	Debt Service Requirements			
				Principal	Interest	Total	Coverage
1994	\$ 5,930,700	\$ 4,551,870	\$ 1,378,830	\$ 581,172	\$ 2,023,477	\$ 2,604,649	0.53
1995	6,720,393	5,791,092	929,301	608,473	2,055,027	2,663,500	0.35
1996	7,159,098	5,579,064	1,580,034	533,171	1,971,681	2,504,852	0.63
1997	8,388,027	5,159,193	3,228,834	578,045	1,968,583	2,546,628	1.27
1998	7,722,546	6,094,162	1,628,384	1,806,195	1,618,105	3,424,300	0.48
1999	8,289,592	6,430,806	1,858,786	614,678	1,641,614	2,256,292	0.82
2000	7,485,173	6,122,995	1,362,178	777,088	1,495,293	2,272,381	0.60
2001	8,125,238	7,085,115	1,040,123	606,421	1,613,993	2,220,414	0.47
2002	9,818,138	7,317,375	2,500,763	457,701	1,286,424	1,744,125	1.43
2003	9,602,173	6,318,944	3,283,229	310,764	1,764,421	2,075,185	1.58



# Charter Township of Plymouth

## Water and Sewer Rate and Water Consumed - Last Ten Fiscal Years December 31, 2003 (Unaudited)

Fiscal Year	Water Rate Per 1,000 Gallons	Sewer Rate Per 1,000 Gallons	Total Rate Per 1,000 Gallons	Residential Water Consumed in Gallons	Commercial Water Consumed in Gallons	Total Water Consumed in Gallons
1994	1.41	1.79	3.20	\$ 732,391,000	\$ 563,412,000	\$ 1,295,803,000
1995	1.47	1.97	3.44	661,519,000	582,031,000	1,243,550,000
1996	1.47	1.97	3.44	828,833,000	634,016,000	1,462,849,000
1997	1.47	1.97	3.44	705,321,000	612,028,000	1,317,349,000
1998	1.47	1.97	3.44	889,621,000	660,146,000	1,549,767,000
1999	1.47	1.97	3.44	952,208,000	691,022,000	1,643,230,000
2000	1.47	1.97	3.44	785,681,000	637,773,000	1,423,454,000
2001	1.80	2.30	4.10	934,966,000	680,071,000	1,615,037,000
2002	2.20	2.72	4.92	1,023,625,000	707,027,000	1,730,652,000
2003	2.14	2.72	4.86	842,507,000	665,699,000	1,508,206,000

# Charter Township of Plymouth

## Miscellaneous Statistical Data December 31, 2003 (Unaudited)

Date of incorporation	April 12, 1827
Township Charter adopted	1977
Form of government	Charter Township
Area of Township	16.6 square miles
<b>Miles of Street and Sidewalks*</b>	
Streets - Paved	Not available
Streets - Unpaved	Not available
Sidewalks	Not available
<b>Fire and Emergency Medical Protection</b>	
Stations	3
Employees - Sworn firefighters/paramedics	27
Employees - Sworn firefighters	2
Part paid - Sworn firefighters	7
Employees - Civilian	1
<b>Police Protection</b>	
Stations	1
Employees - Sworn	30
Employees - Civilian	16
Vehicular patrol units:	
Patrol cars	12
Motorcycles	4
Other vehicles	4
<b>Water and Sewer</b>	
Water customers:	
Residential	8,335
Commercial	1,106
Miles of water mains	172
Miles of sanitary sewers	140
<b>Recreation</b>	
Township park acreage	112.5
Township parks	5
Wayne County parks	1
Private subdivision parks	32
Seniors centers	1
Golf courses	2
Ice arenas	2
School playgrounds	7
Little League baseball fields	4
Soccer fields	4

\* Township is not responsible for maintenance and repair of streets and sidewalks.

June 30, 2004

To the Board of Trustees  
Charter Township of Plymouth  
42350 Ann Arbor Road  
Plymouth, MI 48170

We have recently completed our audit of the basic financial statements of the Charter Township of Plymouth for the year ended December 31, 2003. As a result, we offer the following comments and recommendations for your consideration:

### **Financial Condition of the Township**

The Township just completed a difficult year financially. The fiscal year 2003 saw declines in each of the following revenue sources:

- State-shared revenue (approximately \$242,000)
- Fire department and dispatch contribution from City of Plymouth (approximately \$211,000, as a result of the 2002 revenue including a catch-up)
- Building licenses and permits (approximately \$119,000)
- District court fines and fees (approximately \$90,000)
- Interest income (approximately \$90,000)

In addition, the Township received double digit increases in health care costs. In response to this, the Township has reduced budget appropriations for most departments. Further, the Township is currently exploring increases in co-pays and other health plan alternatives to keep overall costs in line. As a result of this belt-tightening, the General Fund expenditures exceeded revenues by only \$145,000 this year.

Assuming a target fund balance of 20 percent of expenditures, the Township would want to maintain a minimum General Fund fund balance of approximately \$2,400,000. At December 31, 2003, fund balance stood at \$6,374,129. The Township's 2004 budget includes a contribution from fund balance of \$1,600,000 for the new town hall, leaving the General Fund with approximately \$4,700,000 of fund balance. This should leave the Township with the ability to make additional contributions toward projects that the Township Board deems appropriate.

### **Construction Code Fees**

The Construction Code Act calls for the Township to set fees in proportion to the Township's actual costs of complying with the Construction Code Act (building, electrical, and plumbing inspections, etc.). Recent declines in building activity have resulted in revenues well below actual costs.

We believe the Township should evaluate its building inspection activities to determine if there may be opportunities to either reduce costs or increase fees.

### **Internal Controls**

During the past two years, the Township has cleaned up its general ledger significantly. At this point in time, virtually every balance sheet account is evidenced by supporting documentation. We commend the Township for putting forth this effort.

In your efforts to continue to strive to improve the books further, we recommend that the accountant institute quarterly or monthly procedures to agree all balance sheet accounts to the supporting details. Some of the less significant accounts (such as building bonds, etc.) may be agreed quarterly. The more significant accounts (such as cash, investments, water, and sewer receivables) should be agreed monthly. Specifically for cash and investments, the procedure would be to agree the general ledger to the Treasurer's bank reconciliation, as well as reviewing the reconciliation for reasonableness. To further improve internal control, we recommend that this monthly or quarterly process be documented.

### **Budgeting Procedures**

We want to remind you that the Charter Township Act was amended late in 2003 to revise the date by which the budget must be adopted by the Township Board. The Board must pass the 2005 budget by December 31, 2004, not November 1, 2004.

The Budget Act also calls for preparation of a budget document that projects fund balance to the end of the budget year. We recommend that the 2005 budget document include a projection of fund balance for each fund to December 31, 2005.

### **Closing**

We have also written a separate communication to the Township's Audit Committee, which covers more detailed accounting items, such as auditor responsibilities, accounting policies, and the use of estimates in the financial statements. We would like to thank you and your staff for the courtesy and cooperation extended to us during this audit. We would be happy to answer any questions you may have regarding the financial report, and would be pleased to discuss the above comments and recommendations with you at your convenience.

Very truly yours,

**Plante & Moran, PLLC**



Joseph C. Heffernan